BAILARD, INC.
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Honorable Jay Clayton, Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E. Washington, DC 20549-1090

Re:

S7-23-19 Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8
S7-22-19 Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice

Dear Chairman Clayton:

Bailard Inc. is a Bay area wealth and investment management firm with roughly $3.8 billion in assets under management. Our firm was founded in 1969 and currently manages about 750 institutional and wealth management accounts.

We oppose the rules proposed by the Securities and Exchange Commission (SEC) on November 5th, 2019. We believe the current shareholder proposal process is effective, efficient and beneficial to both shareholders and the long-term well-being of the companies they hold — there is no need to revise the rules governing the proxy process. In addition, we utilize the services of proxy advisor firms and are in opposition to any movement by the SEC to limit their ability to render their services in a timely, efficient, and cost-effective manner.

Rule 14a-8 is a vitally important, cost-effective, market-based mechanism for shareholders of all sizes to communicate with management teams, directors and other shareholders on important corporate governance, risk and policy issues that affect companies and their investors. We oppose changes to Rule 14a-8 for the following reasons:

• The current rule is not broken. While a handful of large trade associations are advocating for the SEC to make changes to reduce investors' ability to engage constructively with companies, this process is one of the most reliable—and vital— ways in which investors can practice responsible ownership. Additionally, it allows shareholders to raise issues before they become crises that can erode shareholder value.

• Investors in publicly traded companies have long held the right to participate in the shareholder proposal process. In exchange for capital, shareholders gain unique rights to bring concerns in front of corporate management. Changes to submission and resubmission thresholds will likely decrease shareholders' ability to share concerns about and suggestions for better policies and procedures. The existing rule provides a well-established, well understood, and reasonably predictable vehicle for investor input.

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• The rule is designed to give voice to all investors, including small investors. It has been pegged at a modest level for over 70 years. Efforts to revise ownership thresholds upwards would likely exclude smaller investors and limit the dialogue necessary in free and open markets.

• The existing resubmission thresholds are effective at screening out proposals considered irrelevant or ill-advised by most shareholders. Advocates for weakening shareholder rights have not substantiated a clear and widespread problem requiring the SEC to propagate a lengthy and costly rulemaking to alter Rule 14a-8. This move seems particularly misguided when there are much more pressing matters before the SEC, such as proxy plumbing and universal proxy.

Over the years, shareholder proposals have helped companies address issues before they have become significant problems. Proposals have contributed to significant and tangible benefits at companies. Issues addressed by shareholder proposals include:

• The now standard practice that independent directors constitute at least a majority of the board. This is now mandated in US stock exchanges' listing standards;

• Advisory votes on executive compensation, or "say-on-pay" vote requirements – now mandated by the Dodd–Frank Wall Street Reform and Consumer Protection Act;

• Wide-scale adoption of international human rights principles as part of corporate codes of conduct and supply chain policies which help protect companies from legal and reputational risk;

• Expanded company initiatives to reduce greenhouse gas contributions to climate change and report about these efforts;

• Widespread adoption of corporate sustainability reporting;

• Adoption of comprehensive nondiscrimination policies that include sexual orientation and gender identity or expression which are now standard practice at the majority of large companies;

• Increased board diversity.

Sincerely,

Blaine Townsend

Director, Sustainable, Responsible and Impact Investing

Bailard, Inc.