



Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549

File numbers: S7-23-19; S7-22-19

Date: 3rd January 2020

Dear Ms. Countryman,

By way of background, Universities Superannuation Scheme (USS or the scheme) is one of the largest pension schemes in the UK, with total fund assets of over £70 billion. The scheme's trustee is Universities Superannuation Scheme Ltd (USSL), a corporate trustee which provides scheme management and trusteeship. USS Investment Management, a wholly-owned subsidiary of Universities Superannuation Scheme Ltd, is the principal investment manager and advisor to USSL. As an institutional investor that takes seriously its fiduciary obligations, USS aims to be an engaged and responsible steward of the companies and assets in which we invest and through the asset management services we procure.

As significant investors, we have a responsibility to ensure that global markets operate efficiently and uphold the highest level of corporate governance and sustainability standards to protect the integrity of the market over the long term.

In this light, we are writing to express our support for the views contained in the letter of the 15th October 2019 from the Council of Institutional Investors and a Coalition of Institutional Investors (Coalition). We very much share the Coalition's concerns about the Securities and Exchange Commission's (Commission or SEC) proposed rule amendments to address proxy advisors' reliance on the proxy solicitation exemptions in Rule 14a-2(b).

More specifically, we are concerned that the Proxy Advisor Rulemaking contemplates a requirement that proxy advisors share advance copies of their recommendations with issuers. Proxy advisors are agents of institutional investors, not of issuers. We do not believe a mandatory process for prior review by issuers of the research produced by proxy voting providers, would be desirable or helpful to the proxy voting process.

The institutional investor has the fiduciary duty to asset owners and therefore takes responsibility for voting decisions. Institutional investors such as USS have developed detailed custom voting policies which are supported by detailed guidance; proxy advisors provide valuable independent research that feeds into voting decisions.

Universities Superannuation Scheme Ltd

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In our view, any Commission regulation that has the potential to compromise the independence of the research produced by proxy advisors and impinge upon the agency relationship with institutional investors would be detrimental to the execution of shareholder rights and would be incompatible with SEC's historic role of investor protection. The proposed rule change is also likely to introduce additional costs and complications to an already compressed process, creating additional barriers to entry and negatively impacting competition in the proxy advisory market.

In addition, the shareholder proposal process makes an important contribution to the advancement of ESG integration in the US. Shareholder proposals are a component of fundamental investor rights. The proposed changes to the 14a-8 thresholds significantly raise the ownership requirements and the percentage vote a proposal must receive to be resubmitted, making it more difficult to submit and sustain proposals. We consider that such shareholder resolutions have played an important role in encouraging better corporate disclosure on material ESG issues and if finalized, the SEC's proposed amendments to Rule 14a-8 would in many cases hinder discussion of emerging ESG issues.

Thank you for considering our views and should you wish to discuss this letter further then please do not hesitate to contact us.

Yours sincerely,

Patrick O'Hara
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Universities Superannuation Scheme Ltd