Law Office of
Jeffrey A. Ernico, Esq.

2 West High Street, Carlisle, PA 17013 | [redacted] | [redacted]

January 22, 2020

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

Re: File Number S7-22-19

Dear Secretary Countryman:

Thank you for this opportunity to support the Securities and Exchange Commission's (SEC) Proposed Rule of November 5, 2019, "Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice".[1] By way of background, I have practiced law for over 40 years and have served on 23 boards of directors.

There are many enhancements to corporate governance contained in this Proposed Rule. Two particular issues addressed therein are important for good governance and robust markets: specialty reports and automatic voting. Regarding specialty reports, this practice permits investment organizations to compensate a proxy advisory firm to validate their specific voting behavior. At the same time, these investors maintain the credibility of having obtained an independent opinion, one furnished by a proxy advisor. The challenge here is that, far too often, these validations are tarnished by non-financial considerations, including politicized issues pertaining to social awareness and environmental conservation. What is more, these issues are more likely than not the priorities of specific investors, rather than the investor community as a whole.

[1] U.S. Securities and Exchange Commission, "Proposed Rule: Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice", 17 CFR Part 240, https://www.sec.gov/rules/proposed/2019/34-87457.pdf.

With concern to automatic voting, I fully support additional oversight from the SEC. There is a substantial body of research[2] that shows large investment managers are shortchanging their clients (e.g., endowments, pensioners, individual investors, smaller asset managers) by simply going along with the recommendations of Institutional Shareholder Services (ISS) and Glass Lewis without further – and proper – due diligence. The fact that many large investment managers vote in line with their proxy advisors' recommendations 100 or 99 percent of the time should compel the SEC to intervene further on behalf of the numerous stakeholders who do not have a say in the voting transaction yet can be significantly affected by it.

I appreciate the work of Chairman Clayton, Commissioners Jackson, Pierce, Roisman, and Herren Lee, and the SEC's staff toward getting this right. As legal counsel, and more importantly a board member, for an array of organizations, I speak from experience that these proposed solutions to specialty reports and automatic voting will go a long way in strengthening our nation's corporate governance, while providing additional protections for investors.

Sincerely,

Jeffrey A. Ernico, Esq.

---

[2] See, for example, *The Conflicted Role of Proxy Advisors,* American Council for Capital Formation, Timothy M. Doyle, May 2018, https://accfcorpgov.org/wp-content/uploads/2018/05/ACCF_The-Conflicted-Role-of-Proxy-Advisors.pdf.