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January 28, 2020

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: **Proposed Rule: Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice, S7-22-19**

Dear Secretary Countryman:

Thank you for this opportunity to comment on the proposed rule before the Commission, Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice. In the 37 years that I have been in the executive search business, I have followed corporate governance developments closely. I cannot overemphasize the importance of the positive developments contained in this proposed rule.

One such development is the Commission's additional oversight of proxy advisors regarding the process of automatic voting. This practice is troubling, as many investment managers simply vote per their proxy advisor's recommendation, while at the same time sacrificing their own due diligence. In a piece for the Harvard Law School Forum on Corporate Governance, *Robovoting and Proxy Vote Disclosure*, Paul Rose at Ohio State University writes, "The lack of diligence with which many managers use the services of the advisors is cause for concern, particularly when many of the governance recommendations of proxy advisors are based on thin (or no) empirical evidence."

This lack of evidence mentioned above is also troublesome given the sheer volume of shareholder votes these proxy advisors effectively control. Professor Rose points out in subsequent research that there are dozens of investment managers who together cast millions of votes; they also align their votes with their proxy advisor's recommendation either 100 percent of the time or very close to that rate.

The outcome of automatic voting, moreover, should raise alarms for policymakers and the public. As Timothy Doyle notes in a RealClearPolicy article, entitled *The Realities of Robovoting*, "As a result, proxy firms are able to operate as quasi-regulators of America's public companies, despite lacking any statutory authority or regulatory oversight." With this reality in mind, the Commission must make clear that proxy advisors need to provide justification for their voting recommendations based on their own fiduciary duty.

As the Commission deliberates this ruling, I hope that the safeguards proposed relative to automatic voting are included in its finalization. Furthermore, I appreciate the efforts put forth by the Commission and its staff to right the wayward practice of automatic voting. If left

unchecked, this practice will continue to harm shareholders, companies, and our nation's corporate governance.

Sincerely,

Timothy W. O'Brien
Former Partner
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