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Submitted to rule-comments@sec.gov

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

Re: S7-22-19 Proposed Rule

Dear Chairman Clayton:

I am pleased to submit the following comments concerning this Proposed Rule.¹ In addition, thank you for the extensive work you, your fellow Commissioners, and the Commission's staff have done on this rulemaking effort. If finalized, which I hope it will be, it will significantly strengthen our capital markets by providing for needed accountability from firms engaged in offering proxy voting advice. The Proposed Rule also provides for substantial improvements to risk management.

Section III.E.6 of the ruling states, "We [SEC] could require proxy voting advice businesses to disable the automatic submission of votes unless a client of a proxy voting advice business clicks on the hyperlink and/or accesses the registrant's (or certain other soliciting persons') response, if one has been provided."² I strongly agree with this requirement. Disabling this automatic submission of votes will help investment managers with their fiduciary responsibility to their investors. In addition, there is a comprehensive body of research that attests to why automatic voting requires further regulation.

For example, a research report from the American Council for Capital Formation found:

"175 entities, representing more than \$5 trillion in assets under management, that follow [Institutional Shareholder Services (ISS)] over 95% of the time... [Automatic voting] is more concerning given recent concerns over the accuracy of advisor recommendations, the limited amount of time proxy advisors allow for company corrections, and the need for investment managers to align voting with fiduciary considerations."³

¹ Securities and Exchange Commission, Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice, 17 CFR Part 240, Release No. 34-87457; File No. S7-22-19, <https://www.sec.gov/rules/proposed/2019/34-87457.pdf>.

² Ibid., p. 116.

³ Timothy Doyle, *The Realities of Robo-voting*, American Council for Capital Formation, November 2018, p. 5, http://accf.org/wp-content/uploads/2018/11/ACCF-RoboVoting-Report_11_8_FINAL.pdf.

The report continues, saying, “The lack of oversight of proxy advisors, who dictate as much as 25% of proxy voting outcomes, is increasingly becoming a real issue for investors and it must be addressed.”⁴

Similarly, Tom Quaadman, executive vice president of the U.S. Chamber of Commerce, states:

“‘Robo-voting’ practices...lead to the automatic casting of large blocks of proxy votes in the immediate aftermath of the proxy advisory firms’ recommendations. Some companies reported that 10-15% of their shares would automatically vote in line with an ISS recommendation, while others estimated that between 25-30% fell into that category.”⁵

The Securities and Exchange Commission is in a unique position to address this issue. As such, adding additional boundaries to automatic voting will go a long way in the Commission fulfilling the first part of its three-part mission: protect investors.

I began my career as a trader in 1973. In the ensuing decades, I went on to gain memberships on the following exchanges; Chicago Board Options Exchange, Midwest Stock Exchange, Chicago Board of Trade, NYMEX Exchange, N.Y. COMEX Exchange, N.Y. Coffee, Sugar and Cocoa Exchange, N.Y. Cotton Exchange, FINEX, NYFE, and the MidAmerica Commodity Exchange. For more than 27 years, I also led my own private investment firm that developed and executed a quantitative investment model and a sound comprehensive risk management philosophy, integrated into a single strategy, trading in over 30 different markets worldwide across seven economic sectors.

Today, the Securities and Exchange Commission can further its risk management mandate – and mitigate future risk to our capital markets – by providing the increased oversight of automatic voting contained in this Proposed Rule.

Thank you again for your consideration of my comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert A. Moss', with a long horizontal flourish extending to the right.

Robert A. Moss
Former President
RAM Management Group, Ltd.

⁴ Ibid.

⁵ Tom Quaadman, Comment Letter, “Roundtable on the U.S. Proxy Process; File No. 4-725”, November 12, 2018, <https://www.sec.gov/comments/4-725/4725-4636525-176432.pdf>.