

January 31, 2020

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

RE: File No. S7-22-19; Release No. 34-87457

Dear Ms. Countryman:

Thank you for this opportunity to provide comment on the Commission's Proposed Rule concerning the proxy rules for proxy voting advice. As an attorney who serves as chairman and member of several boards of directors, transparency and due diligence are integral to my work. Unfortunately, the systematic nature of automatic voting contains little of either. That is why I am pleased to see the Commission address the deficiencies of automatic voting in its proposed amendments.

In particular, I agree with the Commission's view on disabling automatic submissions of votes. On page 116 of the Proposed Rule, Reasonable Alternatives, Section 5 reads, "Disabling pre-populated or automatic submission of votes where registrants or other soliciting persons have submitted responses to voting advice could benefit these parties to the extent that it increases the likelihood that clients of proxy voting advice businesses would review their responses."¹ The benefits would be many-fold, including fostering better due diligence by investment managers; more transparent recommendations, as well as supporting justification, from proxy advisors; and increased investor confidence that their returns are being maximized, not held hostage to erroneous voting considerations.

Contrary to these benefits come costs that will continue to increase if this Proposed Rule is not implemented. For example, investment management firms continue to align unseeingly with the voting recommendations of Institutional Shareholder Services (ISS). In fact, research has shown that 25 of these firms, who hold combined assets under management of \$552 billion, vote with ISS 100 percent of the time.² There is not a single vote – over the course of hundreds of thousands – where these investment managers did not align with ISS. That is not the definition of due diligence.

¹ Securities and Exchange Commission, Proposed Rule, 17 CFR Part 240, Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice, pg. 166, <https://www.sec.gov/rules/proposed/2019/34-87457.pdf>.

² Paul Rose, Comment Letter, Securities and Exchange Commission, File Number S7-22-19, Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice, <https://www.sec.gov/comments/s7-22-19/s72219-6429308-198569.pdf>.

To conclude, I would like to point to comments from Business Roundtable regarding the proxy system. The organization writes, "In order to ensure accuracy and transparency with respect to voting recommendations, the Commission should at a minimum require proxy advisory firms to publicly disclose conflicts of interest, voting errors and the data, methodology, and rationales underlying their proxy voting recommendations."³

These actions and subsequent disclosures would constitute a true win for both transparency and due diligence.

Yours sincerely,

Dwayne Leslie, Esq.
Chairman, Phase V Pharmaceuticals, Inc.
Silver Spring, Maryland

³ Business Roundtable, Letter to the SEC Regarding the U.S. Proxy System,
<https://www.businessroundtable.org/archive/resources/letter-to-the-sec-regarding-proxy-access>.