

Feb. 3, 2020

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

RE: Amendments to Exemptions from the Proxy Rule for Proxy Voting Advice
Release No. 34-87457
File Number S7-22-19

Dear Ms. Countryman:

As a former vice president of policy and general counsel at the American Council for Capital Formation, where I managed a broad range of public policy and legal analysis on topics including the growing proxy advisory sector, I offer the below comments on a key tenet of the Commission's recently proposed amendments to rules designed to enhance the accuracy and transparency of the information proxy advisors provide to investors and those who vote on investors' behalf.

In particular, my analysis relates to new conditions to the exemptions under Rule 14a-2(b)(1) and 14a-2(b)(3) that would require proxy advisory firms to grant issuers a review-and-comment period for vote recommendations, as well as a requirement that proxy advisory firms include a hyperlink to an issuer response as part of a final vote report.

Currently, one of the two leading firms, Institutional Shareholder Services (ISS) only affords companies in the S&P 500 the opportunity to review a draft proxy report, while fellow proxy advisory firm Glass Lewis does not provide draft reviews to issuers at all. Companies are provided 24 hours – or often less time – by ISS to review reams of data and complex analyses for factual and/or methodological errors. ISS retains full discretion as to the impact of the feedback before publishing a final report to investor clients without any notice or response to the issuer. When a company becomes aware of methodological or factual errors in proxy advisors' reports, the only clear avenue of recourse is to issue a supplemental filing to the SEC. Unfortunately, many companies are unable to adequately respond to errors due to the fact that proxy advisors either do not provide a draft review or give prior notice of their reports.

This splitting of the market between larger and smaller companies raises the question as to why accuracy is of paramount importance for large companies, but less so for those outside the S&P 500? This is especially concerning because investors arguably rely more on proxy advisory reports on those companies outside the S&P 500. The deficiency in this process undermines the distribution of accurate information to investors and is compounded by the prevalence of automatic voting.¹

¹ Doyle, Timothy, "The Realities of Robo-Voting," (November 2018), American Council for Capital Formation. Available at: https://accfcorp.gov/wp-content/uploads/ACCF-RoboVoting-Report_11_8_FINAL.pdf.

There also exists a discrepancy between arguments against allowing issuer input in proxy reports and public statements ISS and Glass Lewis have made accepting how varying degrees of issuer input can be positive, as well as structures they have already put in place to enable engagement with issuers. ISS is consistently on record – including to regulators – noting that issuer involvement in the proxy process can improve accuracy for the benefit of its clients, a view shared by the world’s largest asset manager, BlackRock.

The draft review process and the inclusion of issuer feedback in the proxy process are central to ensuring accuracy in final proxy reports issued to investors, and an important aspect of ensuring that fiduciary duties to retail investors are met. Also, based on the evolution of policy positions among proxy advisors themselves, codifying the draft review process would merely build on established market practices. While progress has been made to enhance engagement between issuers and proxy advisors, the proposed SEC oversight will ensure further positive steps.

The Proposed Draft Review Process

The SEC has proposed a number of reforms that would provide issuers with the opportunity to review reports for accuracy and provide input to the final reports so as to ensure investors have access to all relevant information prior to finalizing voting, thereby improving “the mix of information available when the clients make their voting decisions.”²

This is a laudable goal and one which merits support, as it will help lay to rest arguments over factual and methodological errors in proxy reports. If issuers are provided with an opportunity to review and provide input into final proxy reports, concerns and complaints about the standards of those reports are likely to dissipate. Perhaps more importantly, it will aid in restoring trust in the proxy process from all stakeholders – not the least of which the retail investors and ultimate beneficiaries.³

In addition to the review and feedback period, a proxy advisor would be required to provide registrants and certain other soliciting persons a final notice of the publication of the report. This notice must be provided by the proxy advisors no later than two business days prior to publication to clients. The final notice is designed to allow issuers and/or soliciting persons to determine whether or not to provide a statement in response to the advice and request that a hyperlink detailing that response be included in the reports delivered to clients. In practice, to implement and enhance dialogue between issuers proxy advisors and their clients, the SEC has proposed the following framework:

- If a definitive proxy statement is filed at least 45 calendar days before the date of the meeting, issuer and/or soliciting person has at least five business days to review and provide feedback; or,

² SEC, “Amendments to Exemptions From the Proxy Rules for Proxy Voting Advice,” (December 2019), Federal Register. Available at: <https://www.federalregister.gov/documents/2019/12/04/2019-24475/amendments-to-exemptions-from-the-proxy-rules-for-proxy-voting-advice>.

³ Two recent studies carried out by Spectrem Group with J.W. Verret have indicated broad support for regulatory action on proxy advisors from retail investors. Available at: <https://www.prnewswire.com/news-releases/spectrem-group-study-reveals-wide-retail-investor-support-for-proposed-sec-amendments-january-10-2020-300984956.html> and <https://corpgov.law.harvard.edu/2019/04/25/providing-retail-investors-a-voice-in-the-proxy-process/>

- If definitive proxy statement is filed less than 45 but at least 25 calendar days before the date of the meeting, issuer and/or soliciting person has at least three business days to review and provide feedback; or,
- If definitive proxy statement is filed less than 25 calendar days before the date of the meeting, the proxy advisor business is not required to provide its voting advice to issuer or soliciting person
- Proxy advisors to provide a final notice and copy of voting advice prior to publication of the final report; and,
- Issuer and/or soliciting person has at least two business days to provide a hyperlink (or other analogous electronic medium) with its response, if any, which is included by the proxy advisor in the final report.

The outlined framework for required action, based on the amount of time between proxy statement filing and the company's meeting date, reasonably balances the clear need to enhance accuracy in proxy advisor reports, while also protecting the important timelines for proxy advisors to produce their valuable research. This timeline is backed up by ISS, which stated in its submission to the SEC's roundtable:

"In many cases, ISS has a contractual obligation to deliver proxy reports and vote recommendations to clients ten days to two weeks in advance of the meeting."⁴

Taking 15-20 days as a broad timeline for the final publication of reports to clients from proxy advisors, if an issuer's proxy statement is published 45 days before a meeting, the proxy advisor would have at least 25 days to complete the process. In the event that a proxy statement is issued at least 25 days before a meeting, the proxy advisor would have 5-10 days to carry out the outlined processes and deliver a final report to investor clients. While each of these timelines seems eminently feasible, one could argue that the SEC extend the allocation of three days when a proxy statement is published only 25 days before a meeting to a requirement of 30 days.

Regardless, investors tend to only commence reviewing proxy advisor reports about two weeks before a meeting, ensuring that the enhanced information should be delivered to investors in a timely manner without placing undue pressure on proxy advisors or their clients.

Opposition

Despite this robust proposed framework, which balances the desire to remove errors from proxy advisor reports while ensuring that investors continue to receive timely information that informs their decisions, some argue that the prevalence of errors is not sufficiently concerning to merit regulatory oversight of draft reviews and issuer responses. Specifically, ISS notes:

"In the U.S., constituents of the Standard and Poor's 500 Index generally receive an opportunity to review a draft analysis for factual accuracy prior to the delivery of the report to clients, and ISS considers other requests for review and comments on a case-by-case basis. Given the limited time between the hard start of receiving the proxy

⁴ Retelny, Gary, "Re: SEC Staff Roundtable on the Proxy Process," (November 2018), SEC Comments. Available at: <https://www.sec.gov/comments/4-725/4725-4629940-176410.pdf>.

statement and the hard stop of delivering the report to clients sufficiently in advance of the meeting, along with the concentration of a large percentage of meetings during so called 'proxy season,' there simply is not time to afford all of the approximately 39,000 issuers ISS covers globally the opportunity to review draft reports.”⁵

While it is undoubtedly the case that a substantial proportion of proxy advisors' work falls into a relatively condensed proxy season, being busy is no excuse for not providing accurate information to investors. Indeed, the SEC has acknowledged these time constraints, and has proposed strict guidelines for how early issuers must report to avail themselves of either the five-day or three-day review. While proxy advisors will potentially be provided with up to 30 days to review a proxy statement; engage with issuers on the contents of the report; and, deliver a final report to their investor clients, their concerns appear to be based on costs to do the analysis and not on principles or feasibility. As such, adding certainty to the process by removing ISS as the arbiter of which companies merit the receipt of a draft report would be a positive aspect of the proposed rule for all stakeholders.

The other primary concern raised by proxy advisors is their perception that their independence would be impacted by the inclusion of issuer input. Glass Lewis, in responding to the consultation on the new Japanese Stewardship Code, summed up its position by arguing that:

“As for the idea that a proxy advisor should allow companies to include their opinion on its research prior to it being published to its clients, we feel strongly that this would be an unwarranted intrusion into the relationship between the proxy advisor and its clients.”⁶

The SEC's proposed provisions merely allow for a review and, if so desired by an issuer, the inclusion of a hyperlink in the proxy advisors' report setting out the company's position. To argue that simply providing feedback on a proxy report's content automatically impinges the ability of proxy advisors to provide independent evaluations seems to defy logic and strains credulity. It is important to note that the SEC regulates issuers' feedback through anti-fraud prohibitions as well as SEC filing requirements, ensuring that both parties are held to the highest standards in their communication with investors.

Notably, BlackRock – the largest asset manager in the world – has suggested a draft review process when arguing that accurate information is critical to decision-making:

“We imagine a scenario where a portal would provide companies at least two business days to correct factual errors prior to the recommendation being issued to clients of the proxy advisory firm. The same portal could also be used to enable companies to submit a 'rebuttal' that could be included in the final report.”⁷

⁵ Retelny, Gary, “Re: SEC Staff Roundtable on the Proxy Process,” (November 2018), SEC Comments. Available at: <https://www.sec.gov/comments/4-725/4725-4629940-176410.pdf>.

⁶ Glass Lewis Comment Letter on Proposed Revisions to Japan's Stewardship Code, available at: <https://www.glasslewis.com/glass-lewis-submission-to-bursa-malaysia-on-proposed-amendments-to-listing-requirements-2/>

⁷ Novick, Barbara, and Cameron, Ray, “Re: SEC Staff Roundtable on the Proxy Process,” (November 2018), SEC Comments. Available at: <https://www.sec.gov/comments/4-725/4725-4656351-176506.pdf>.

Given that BlackRock holds more securities than any other investor, its view on whether or not issuer input would jeopardize proxy advisor independence or cause delays in the receipt of relevant information is of significant relevance to the issue.

Proxy Advisors on Issuer Input

Given the consistent focus on their role in capital markets over the past two decades, as well as an increased sophistication in corporate governance generally, proxy advisors have had to deliberately evolve their services to meet investor, issuer, and regulatory scrutiny. The area of issuer input in the proxy process has been no different.

ISS

ISS' approach in a number of areas appears to be closely aligned with the proposed SEC rules. In contrast to the argument that issuer involvement may "undermine" the industry or impact the timely delivery of research to clients, ISS has on numerous occasions expressed the view that issuer input is beneficial to its clients. Reflecting that stance, despite noting in its comments to the SEC Roundtable that there "simply is not time to afford all of the approximately 39,000 issuers ISS covers globally the opportunity to review draft reports,"⁸ ISS has put in place robust draft review processes in a number of markets, including the U.S.:

Market	Companies Eligible	Conditions ⁹
United States	500	Companies must have pre-registered on the ISS Governance website by 1/31 for U.S. proxy season (March – June) or 35 days in advance of its AGM date
Canada	250	Companies must have pre-registered on the ISS Governance website by 1/31 if its AGM falls between March – June, or 35 days in advance of its AGM date
United Kingdom ¹⁰	All companies	N/D
Ireland ¹¹	All companies	N/D
France	All companies	Must express interest ahead of the proxy season.

In detailing the rationale for offering draft reviews, ISS' position is broadly similar to that of the SEC's proposed rule, stating the following:

"ISS believes that this review process helps improve the accuracy and quality of its analyses, an outcome that is in the best interests of both the institutional investors for

⁸ Ibid. at footnote 5.

⁹ Details at: <https://www.issgovernance.com/iss-draft-review-process-u-s-issuers/>; <https://www.issgovernance.com/iss-draft-review-process-canadian-issuers/>; and, <https://www.issgovernance.com/policy-gateway/french-market-engagement-disclosure/>

¹⁰ ISS does not detail on its website the draft review process for UK and Irish companies. However, it is well established market practice that any company in the UK and Ireland that requests a draft review will receive one.

¹¹ Ibid.

*whom the analyses are prepared, as well as for the companies that are the subject of these reports.*¹²

ISS clearly says a draft review process has – for years – helped it provide more accurate reports to investors. In 2011, following a substantive review of proxy voting practices, the French markets regulator (Autorité des Marchés Financiers, or AMF)¹³ issued a recommendation on proxy advisors, which addressed voting policies; conflicts of interest; issuing recommendations; and, issuer review and input. In regard to issuer review and input, the recommendation states:

The AMF recommends that the proxy advisor submit its draft report to the relevant company for review, failing which the proxy advisor shall clearly state in its analysis report that the draft was not submitted for review and explain the reasons why.

The AMF also recommends implementing the following rules:

- *The company shall be allowed at least 24 hours to submit any feedback or comments, as long as the company has submitted its draft resolutions, related committee reports and any other necessary documents to the proxy advisory firm at least 35 days before the date of the General Meeting.*
- *At the company's request, the proxy advisor shall include the company's comments on the voting recommendations in the analysis report that it submits to the investors, on the condition that these comments are concise, help the shareholders understand the draft resolutions on which they are to vote, and do not include discussion on the general voting policy;*
- *If needed, the proxy advisor shall correct any substantive error found in its analysis report and reported by the company, and ensure that the correction is submitted to the investors as quickly as possible; and,*
- *The proxy advisor shall publish on its website its adopted rules on communication with companies, particularly rules on submitting the draft analysis report. The AMF recommends that the proxy advisor send the concerned company its final analysis report as soon as possible and at the same time as it is submitted to customers.*¹⁴

In response to the recommendation, ISS accepted the merits of both the draft review as well as potentially including input from issuers following that review:

“The purpose of providing a company with a draft report of its analysis is to allow the company to check the information prior to publication, thus allowing us to provide more accurate reports to our clients. ... The point of view of issuers will be reflected in

¹² “French Market Engagement Disclosure,” ISS. Available at: <https://www.issgovernance.com/policy-gateway/french-market-engagement-disclosure/>.

¹³ Much like the SEC, The Autorité des Marchés Financiers (AMF) regulates participants and products in France's financial markets. It regulates, authorises, monitors, and, where necessary conducts investigations and issues sanctions. In addition, it ensures that investors receive material information, and provides a mediation service to assist them in disputes.

¹⁴ “AMF Recommendation 2011-06, Proxy Voting Advisory Firms,” (March 2011), AMF. Available at: https://www.amf-france.org/technique/multimedia?docId=workspace://SpacesStore/12e1aead-0ff9-4f26-8fd0-d0ebe29d0efe_en_1.1_rendition.

our proxy advisory reports when the information is useful in helping our institutional clients make a more informed voting decision. In those instances, ISS may consider including quotes received in English from issuers.”¹⁵

For nearly a decade, ISS has been subject to a regulatory regime in France that allows for both a draft review and issuer responses to analysis and voting recommendations, and has stated publicly how that regime is beneficial to accuracy in their reports – something it says is also the case for large U.S. companies. The SEC has recognized the value of issuer reviews for S&P 500 companies and is aiming to provide similar processes for companies of all sizes. This is a positive step, as errors have the potential to be more impactful on smaller companies with more limited resources, compounded by an investor base that is more reliant on proxy advisors’ recommendations when reviewing companies with smaller market capitalisations.

Glass Lewis

While Glass Lewis does not provide draft reviews to issuers, it has taken several steps to allow issuer input into proxy reports. Firstly, in 2015, under the headline of “Enhanced Transparency, Greater Accuracy,” its Issuer Data Program (IDR) was launched.¹⁶ Piloted in the United States in 2016, it was expanded to companies in Europe and Canada, and now also covers companies in Israel, Singapore, India, and South Africa. Glass Lewis states that the IDR allows issuers to *“confirm their company data is accurately reflected.”*

Adding to the acceptance that issuer input improves the accuracy and quality of its reports, in March 2019, Glass Lewis launched a “Report Feedback Statement” (RFS) pilot program which allowed a limited number – capped at 12 companies and/or shareholder proponents per week – to submit feedback to its analysis and recommendations.¹⁷ The feedback provided by issuers would then be distributed to all Glass Lewis clients holding shares in that company. Then CEO of Glass Lewis Katherine Rabin noted how company responses can play a valuable role in enhancing proxy voting:

“Glass Lewis has long been an advocate of bringing transparency, accuracy and efficiency to the proxy voting process. Following the widespread success of our direct engagement efforts and the Issuer Data Report service we introduced in 2015, the RFS service is an important next step in facilitating informed dialogue among all stakeholders. At the most relevant point in our clients’ proxy voting process, they will have a new way to directly access the perspective of the company and shareholder proponents who submitted the proposals they are examining.”¹⁸

¹⁵ “French Market Engagement Disclosure,” ISS. Available at: <https://www.issgovernance.com/policy-gateway/french-market-engagement-disclosure/>. ISS used the same language to describe the rationale for the offering draft reviews to large U.S. and Canadian issuers; however, that language was altered in late 2019. The previous language is referenced in Statement of the National Investor Relations Institute’s submission to the Committee on Banking, Housing, and Urban Affairs, U.S. Senate Hearing entitled: “Legislative Proposals to Examine Corporate Governance, June 28, 2018. Available at: <https://www.niri.org/NIRI/media/NIRI/Advocacy/NIRI-Senate-Banking-Committee-Testimony-final.pdf>

¹⁶ “Issuer Data Report,” Glass Lewis. Available at: <https://www.glasslewis.com/issuer-data-report/>.

¹⁷ “Report Feedback Statement”, Glass Lewis. Available at: <https://www.glasslewis.com/report-feedback-statement-service/>

¹⁸ “Glass Lewis Launches Report Feedback Statement Service,” (March 2019), Glass Lewis news release. Available at: <https://www.glasslewis.com/glass-lewis-launches-report-feedback-statement-service/>.

Glass Lewis' view is distinctly different in one way though. When addressing the idea of issuer input:

*"Glass Lewis believes that allowing companies to provide their feedback after the research has been made available to the proxy advisor's clients, through a service similar to Glass Lewis' RFS service, would provide a more timely opportunity for companies to get the attention of the individuals actually making the voting decisions, without compromising the independence of the research that is being produced."*¹⁹

However, while the issuer's input is seen as very important to Glass Lewis and its clients, the opportunity for input is offered at a fee to the issuer and the purchase of the Glass Lewis report. Fortunately, as a regulator, the SEC can act to guarantee investors receive the best "mix" of information available without companies' being required to pay Glass Lewis for the right to review relevant information to ensure its accuracy.

Other Advisors

Most of the commentary on the proxy advisory industry tends to focus on the practices of ISS and Glass Lewis, who together control approximately 97% of the market.²⁰ However, other proxy advisors have also spoken about the merits of draft reviews and including issuer responses, indicating that it is viewed as a best-practice in the industry.

Egan-Jones, the third largest proxy advisory firm in the U.S., supports an "appeal process," which would provide issuers with "the opportunity to review a draft copy of reports prior to their release. If issuers disagree with the analysis and/or recommendations of the proxy advisor, they should be provided the opportunity to state their dissent."²¹ Likewise, PIRC, a smaller U.K.-based proxy advisor, responded to a request for comment from the European Securities and Markets Authority by stating "we provide draft reports to companies with 48 hours for company comments."²²

Issuers' Desire to Engage

Proxy advisors – alongside the SEC and the world's largest asset manager – see the value in allowing issuer engagement and input into the proxy process. One question that remains though is whether the rules will be utilized by the issuer community, which is a central aspect of enhancing the accuracy of information received by investors. Recent surveys provide relative clarity here. During an August 2018 survey of the National Investor Relations Institute's practitioner members, more than 95 percent of respondents agreed that the SEC *should* require proxy advisors to provide a draft review opportunity to all issuers.²³

¹⁹ *Glass Lewis Comment Letter on Proposed Revisions to Japan's Stewardship Code*, available at: <https://www.glasslewis.com/glass-lewis-submission-to-bursa-malaysia-on-proposed-amendments-to-listing-requirements-2/>

²⁰ Glassman, James K. and Verret, J.W., "How to Fix Our Broken Proxy Advisory System," (April 2013), Mercatus Center. Available at: https://www.mercatus.org/system/files/Glassman_ProxyAdvisorySystem_04152013.pdf.

²¹ Gossel, Saul, "Re: Comments on 4-725 Roundtable on the Proxy Process," SEC Comments. Available at: <https://www.sec.gov/comments/4-725/4725-4649190-176470.pdf>.

²² MacDougall, Alan, "ESMA Discussion Paper: An Overview of the Proxy Advisory Industry, PIRC Response," (June 2012), ESMA. Available at: <https://www.esma.europa.eu/file/10575/download?token=JpBESqJC>.

²³ "The Case for Proxy Advisor Reform," (September 2018), National Investor Relations Institute. Available at: https://www.niri.org/NIRI/media/NIRI/Advocacy/NIRI-Case-Proxy-Advisor-Reform-2018_1.pdf.

Even more recently, following the release of the proposed rule, Willis Towers Watson conducted a survey of compensation and human resource professionals at 105 publicly traded U.S. companies.²⁴ Over half of respondents (59%) considered factual errors to be a big problem under the current system while, in regard to the proposal to include draft reviews, 83% of respondents indicated that it would enhance transparency in the proxy system. Of equal significance, a substantial majority (81%) indicated that they would respond to proxy advisors in the event of reviewing a factual error, with less than half declaring they would respond in the event of disagreeing with methodology.

While the outcome of these surveys demonstrates a clear interest from issuers to engage in the proxy process and ensure the accuracy of information, the drop off from responding to factual errors to disagreements on methodology also indicates that the proposed rules from the SEC are unlikely to be “taken advantage of” by issuers, who instead will focus on correcting factual errors upon reviewing draft reports. Nonetheless, in the circumstances where an issuer provides a response which is included as a hyperlink in the final report, investors will be provided with the necessary information to determine whether the methodologies of proxy advisors are sufficiently robust and have been implemented in a company specific fashion.

Conclusion

The need for greater SEC oversight and assurances that information disseminated to investors is fully accurate has increased in recent years. Proxy advisory firms have amplified this need as they increasingly use automated proxy voting systems, whereby they casts votes based on pre-set voting policies without necessarily requiring investment managers’ review.²⁵ It is therefore vitally important to require a draft review process so that public companies can verify the accuracy of proxy advisor reports before investors start voting. Given the number of items covered annually by proxy advisors for U.S. companies, it is inevitable that proxy reports will contain a certain level of factual errors or misunderstandings over corporate disclosures. Despite that, only the largest 500 companies are afforded an opportunity to review draft reports by ISS, often with less than 24 hours to check the range of facts, methodologies, and analysis on potentially complex issues. Glass Lewis only offers drafts of the data underpinning its final report, with companies offered the opportunity to purchase the report following publication to clients. While the reported error rates are indeed low, these errors can still have a hugely negative impact on a company and its reputation.

Allowing issuers to review and respond is the most efficient way to reduce the number of factual errors or misunderstandings in proxy advisor reports. In some cases, there may not be a factual dispute, but the company and the proxy advisor may disagree over how a voting policy is applied. Final proxy reports should include a hyperlink to a company response (if the company chooses to provide one) so that investors can be fully informed before they vote. This should be afforded to all publicly traded companies regardless of their market

²⁴ Croce, Brian, “Companies Say SEC Proposal on Proxy Firms Will Increase Transparency – Survey,” (January 2020), Pensions & Investments. Available at: <https://www.pionline.com/governance/companies-say-sec-proposal-proxy-firms-will-increase-transparency-survey>.

²⁵ Doyle, Timothy, “The Realities of Robo-Voting,” (November 2018), American Council for Capital Formation. Available at: https://accfcorp.gov/wp-content/uploads/ACCF-RoboVoting-Report_11_8_FINAL.pdf.

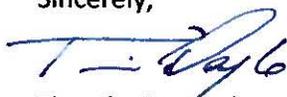
capitalization. Companies of all sizes deserve the opportunity to address those errors and respond to proxy advisor interpretation of disclosure.

As outlined, in France, the national securities regulator, AMF, heard the same objections to draft reviews as are being argued now, but recommended in 2011 that proxy advisors provide a draft review and include issuers' responses in final reports. There were no indications that the requirement unreasonably effected the proxy advisory industry. A similar process, as currently proposed, would help the proxy advisory firms meet the SEC's goal of providing high-quality, company-specific research for investors, and ensure that proxy votes are not cast based on unverified information or misunderstandings of corporate disclosures. Indeed, the SEC is simply mandating the inclusion of a hyperlink as opposed to specific language provided by the company.

Engagement around annual general meetings – while valuable – is a time-consuming activity for both issuers and their shareholders. The natural friction that promotes accountability to stakeholders will not be undermined by allowing issuers to review the accuracy of a proxy report; nor will it be by the ability of issuers to disseminate information to their shareholders. Proxy advisors and issuers will at times disagree as to the merits of a particular proposal; however, in the future investors will have easy access to both points of view and steps will have been taken to ensure both sides' views are based on accurate information.

The draft review process is not a new idea. Every year, investors review thousands of proxy advisor reports that have been reviewed by issuers and yet shares are still voted, proxy advisors still play a valued role, and they continue to allow investors to challenge companies on a host of issues. It is clear from the public statements of proxy advisors, as well as the evolution of their engagement processes, that the SEC's proposed rule is simply codifying existing market practices. The formalization and oversight of those processes will serve to further enhance market engagement, accountability, and accuracy. Each of these aspects are a central facet of an efficient and prosperous capital market.

Sincerely,



Timothy M. Doyle