



February 3, 2020

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

To Whom It May Concern,

On behalf of Blue Haven Initiative, a U.S.-based family office, we welcome the opportunity to provide this comment letter on the “Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice,” File Number S7-22-19.

The proxy advisor proposal will give corporate management substantial editorial influence over reports on their companies because it requires proxy advisors to give companies the automatic right to preview their reports and to lobby the authors to change recommendations. Proxy advisory firms help investors meet their fiduciary responsibilities by providing independent, efficient and cost-effective research services to inform their proxy voting decisions.

By giving companies the automatic right to preview proxy advisory firm reports and to lobby the authors to change recommendations, this proposal fosters an inappropriate pro-management bias in proxy advisor reports. Company executives and their lobbyists want to make it harder and more expensive for institutional investors to get the expert advice they need to hold management accountable. This will make it less likely that investors vote against management or vote at all.

The proposed rule points to issuers’ claim that proxy advisory firms wield excessive influence over how institutional investors vote and that institutional investors vote in lockstep with proxy advisor recommendations. This assumption is not supported by the facts. While ISS recommended voting against say-on-pay proposals at 12.3% of Russell 3000 companies in 2018, just 2.4% of those companies received less than majority shareholder support on their say-on-pay proposals. In 2019, Glass Lewis recommended in favor of 89% of directors and 84% of say-on-pay proposals, while directors received average support of 96% and say-on-pay proposals garnered average support of 93%. These examples demonstrate that investors don’t blindly follow proxy advisor recommendations. In fact, according to ISS, 85% of its top 100 clients use a custom voting policy.

Disclosure of conflicts of interest is appropriate for proxy advisory firms. However, this proposed rule goes too far and interferes with the investors’ ability to obtain independent research that is not influenced by company management prior to publication.

Thank you for your consideration of these comments.

Sincerely,

Liesel and Ian Simmons
Co-Founders and Principals
Blue Haven Initiative