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BILL FOSTER

CONGRESS OF THE UNITED STATES
11TH DISTRICT, ILLINOIS

January 31, 2020

The Honorable Jay Clayton, Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

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

**S7-23-19 Procedural Requirements and Resubmission Thresholds under Exchange
Act Rule 14a-8**

Dear Chairman Clayton:

We are writing regarding the proposed rules governing proxy voting advice and shareholder proposals that would, in current form, limit public company investors' ability to hold corporate insiders accountable, and reduce the opportunity for shareholder engagement that leads to stronger corporate governance policies and better long-term business performance. The proposed rules hurt states like Illinois, and the local governments, college savers, and retirees who look to our state treasurer to be faithful stewards of more than \$30 billion in investment funds.

While we share the goal of ensuring that proxy advisors provide investors with the most accurate and timely information possible when deciding how to vote their shares, the proposed rules infringe on the bilateral, contractual relationship between investors and the proxy advisory firms that they engage to provide investors with the research, data, and recommendations that they may need to make informed decisions and discharge their fiduciary duties. The independence and integrity of this advice should not be jeopardized by rules that could pressure proxy advisory firms, under threat of litigation by disgruntled corporate insiders, to sacrifice their independent judgment in making recommendations that tilt the scale in proposals such as those that seek to strengthen the link between executive pay and performance.

Shareholder proposals have been the source of important corporate governance reform efforts over the past two decades, including those providing for the annual election of directors and the adoption of the majority vote standard for director elections. Shareholder proposals have also helped to illuminate corporate awareness of environmental and social risks, diversity and inclusion in the workplace, and sustainability reporting. These proposals perform an important

investor signaling function and provide a framework for companies to respond to shareholders. While we are mindful of the costs incurred by companies in soliciting proxies for shareholder proposals, the proposed rules would have the effect of disenfranchising smaller investors who were previously eligible to submit a proposal, but do not meet the \$25,000 threshold under the proposed rules. It also deprives other shareholders of crucial information and transparency on corporate governance matters that could soon be taken off the ballot because they do not meet the resubmission thresholds. Just because a proposal does not garner 25% of the shareholder votes within three years does not mean that it is meritless or should be excluded. Many proposals require a number of years to gather momentum. And at public companies that employ dual class voting structures, the ability for shareholder proposals to meet these higher proposed resubmission thresholds will become more challenging.

Given the complexity of this rulemaking, the need to review empirical data and to consider the input of a wide range of stakeholders, we request that you extend the public comment period from 60 to 120 days for both proposals and strongly consider the compelling alternatives and amendments that have been put forth by a number of other commenters. We urge you not to diminish the effectiveness of important rules that provide a framework for encouraging shareholder engagement and maintaining corporate accountability, which have lasting effects on the long-term performance of our public companies. We look forward to your prompt attention to this request.

Sincerely,



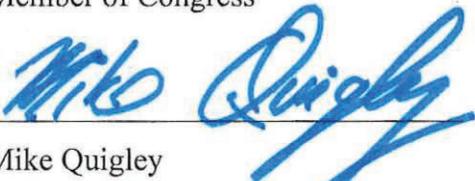
Bill Foster

Member of Congress



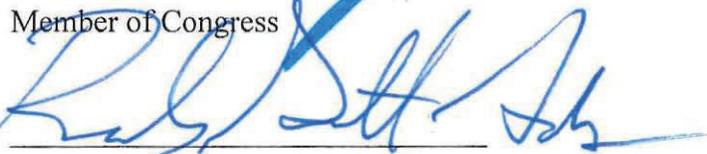
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Jesus G. "Chuy" Garcia

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