

SC Group

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December 3, 2019

Hon. Jay Clayton
Chairman, U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

RE: Opposition to S7-23-19 Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8 and S7-22-19 Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice

Dear Chairman Clayton,

We recently learned of proposed SEC rule changes to raise the ownership threshold required for shareholders to file resolutions and to limit the ability of proxy advisors to provide independent advice to investors. Such rule changes diminish shareholders' voices and threaten the ability of investors like us to effectively hold corporations accountable. We are extremely disturbed by such a blatant nod to large corporations at the expense of the public interest.

We represent a group of philanthropic, nonprofit organizations that work to defend and support the public interest in a wide variety of areas, such as the environment, public health, immigration, elder justice and human rights, among others. We own shares of different companies as an investment opportunity, and appreciate the ability to engage with corporations in which we have ownership on critical environmental, social, and governance issues. However, we fear that the proposed rules will undermine the ability of shareholders like us to help encourage companies to make decisions not only based on short-term profit, but also longer-term sustainability. It is essential that shareholders large and small have the ability to effectively engage with the corporations.

The proposed increase in ownership thresholds will make it difficult for smaller investors to voice important concerns and raise issues of risk to the companies they own. The current ownership threshold ensures that some diversity of voices are heard, not just the biggest players. Small investors have contributed a multitude of now commonplace best practices. The proposed rule changes threaten our democracy in other ways, including: unnecessarily excluding important proposals that gain traction over time, which stifle key reforms; preventing significant topics from even being raised and considered; and unfairly stacking the deck against shareholders concerned with ESG.

In addition to increasing the requirements to engage in the shareholder process, the proposal requiring proxy advisory firms to allow companies to review and provide feedback on proxy voting advice would greatly impede the ability of institutional investors to get independent advice and information about how to vote on director elections.

We engage as shareholders on ESG risks precisely because we are concerned about the long-term health of the companies in which we are invested. Many of the companies that we engage

with understand that this engagement enables them to mitigate reputational, legal, and financial risks, and build value. The filing of shareholders resolutions by investors big and small is a crucial part of the engagement process.

For the above reasons, we strongly urge the SEC to reconsider the proposed rule changes.

Sincerely,



Lorin Silverman
Group Representative
SC Group