

January 30, 2020

Vanessa A. Countryman
Secretary, Securities and Exchange Commission
100 F Street NE
Washington DC 20549-1090

Comments on Proposed Rule: Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8 [Release No. 34-87458; File No. S7-23-19]

Dear Ms. Countryman,

I write to oppose the amendments to Rule 14a-8 proposed by the Securities and Exchange Commission on November 5, 2019. As the former Co-Chair of the Board for Yale University's Dwight Hall Socially Responsible Investment Fund and a recipient of the SRI Conference's inaugural 30 Under 30 award, I believe that the suggested rules will adversely impact young investors by limiting their ability to engage as active stock owners.

Raising the shareholder proposal filing threshold will prevent young investors from participating in the shareholder resolution process. Most student-run investment funds manage less than \$500,000 and have relied on Rule 14a-8's \$2,000 minimum ownership policy to contribute to ongoing shareholder advocacy efforts. For instance, the Dwight Hall SRI Fund, which oversees a \$160,000 portfolio, has been able to co-file shareholder resolutions with ExxonMobil and Merck over the past four years precisely because the SEC has championed standards that promote engagement among individual investors and small asset owners. Increasing ownership requirements to \$25,000 for one year would cripple young investors' involvement in the shareholder resolution space. A fund of less than \$500,000 cannot afford to devote \$25,000 to one company without significantly disrupting its asset allocation. Moreover, forcing investors to hold \$2,000 of stock in a firm for at least three years before filing a proposal would unnecessarily block college-age investors from learning how to submit shareholder resolutions. A student who, during her freshman year, convinced her investment fund to purchase stock in a new company would have to wait until the last semester of her senior year to file a proposal with that firm. Suggested amendments to Rule 14a-8 thus crowd out young investors from the shareholder resolution process.

These exclusionary effects undermine the long-term stability of the financial services industry by preventing the next generation of investors from understanding how to invest responsibly. Almost every major asset manager sees engagement as a critical component of its due diligence process. Communicating with company management both informally through investor-led dialogue and formally through shareholder proposals provides investors with deeper insight into firms' priorities. Indeed, the vast majority of shareholder resolutions ask companies to disclose information that could help investors make more educated financial decisions. Young people are taught that investing involves minimizing risk and maximizing returns and that achieving positive returns requires high quality data. Shareholder proposals offer investors an opportunity to improve data collection by compelling companies to report on environmental, social, and governance risks. Accordingly, the SEC should want young professionals to view active

ownership as a key facet of investing to ensure that the next generation of investors is capable of making informed financial transactions. Amendments to Rule 14a-8 inhibit young people from filing shareholder resolutions and thereby run counter to the health of the financial services industry.

By inhibiting young people from participating in shareholder engagement, amendments to Rule 14a-8 additionally prevent companies from preparing for an economy dominated by millennials and Gen Z consumers. In 2016, Morgan Stanley found that 84 percent of millennials want to invest to make an ESG impact.¹ Moreover, as of 2019, 90 percent of millennial investors want to align their financial decisions with their values.² To succeed over the coming decades, then, companies must become familiar with millennial and Gen Z preferences. The current stipulations of Rule 14a-8 facilitate conversation between young investors and corporate leaders. In the fall of 2017, my colleagues at the Dwight Hall SRI Fund and I co-filed a shareholder proposal with ExxonMobil to ask the company to disclose its direct and indirect lobbying expenditures. Filing the resolution gave me the opportunity to speak with representatives from Exxon's investor relations team about my peers' and my concern that the company's lobbying activities conflicted with its public support of proactive climate policy. If the SEC raises filing thresholds, conversations like these between young investors and corporate management would not be able to take place. Companies would, in turn, lack access to the unique, values-driven perspective of millennial and Gen Z investors and consumers, who will drive the economy for decades to come.

Adopting the proposed amendments to Rule 14a-8 needlessly hinders young investors from filing shareholder resolutions. Excluding young investors from the shareholder engagement process undermines the SEC's efforts to promote responsible investing and destabilizes companies' long-term business plans, which will increasingly revolve around millennial and Gen Z ideals. For these reasons, I urge the SEC to reject amendments to Rule 14a-8.

Sincerely,
Gabriel Malek

¹ "Sustainable Investing: The Millennial Investor," Ernst & Young, 2017, [https://www.ey.com/Publication/vwLUAssets/ey-sustainable-investing-the-millennial-investor-gl/\\$FILE/ey-sustainable-investing-the-millennial-investor.pdf](https://www.ey.com/Publication/vwLUAssets/ey-sustainable-investing-the-millennial-investor-gl/$FILE/ey-sustainable-investing-the-millennial-investor.pdf).

² "Swipe to Invest: The Story behind Millennials and ESG Investing," MSCI, January 2020, <https://www.msci.com/documents/10199/07e7a7d3-59c3-4d0b-b0b5-029e8fd3974b>.