



February 3, 2020

The Honorable Jay Clayton, Chairman  
Vanessa A. Countryman, Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

*Via Electronic Submission*

**Re: Comments on Proposed Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice (File No.: S7-22-19) and Proposed Amendments to Procedural Requirements and Resubmission Thresholds Under Exchange Act Rule 14a-8 (File No: S7-23-19)**

Dear Chairman Clayton and Secretary Countryman:

Global Affairs Associates, LLC submits the following comments in response to the Securities and Exchange Commission's proposed rulemakings published in the federal register on December 4, 2019 (84 FR 66518 and 84 FR 66458).

Global Affairs Associates, LLC is a Houston, Texas sustainability consulting firm that helps clients make business-appropriate decisions about sustainability. As proponents of transparency and dialogue among stakeholders, we are concerned with the SEC's unnecessary attempt to limit shareholders' access to engagement mechanisms.

The founding purpose of the Securities and Exchange Commission is to protect investors, yet the SEC's proposed rules will curtail the rights of investors, especially smaller investors, to raise issues of concern about business practices at the companies they own. Shareholder resolutions are a powerful way to encourage corporate responsibility and discourage practices that are unsustainable, unethical, and increase a company's exposure to legal and reputational risk.

The first proposed rule creates numerous steps that make it more difficult for others to file resolutions on their behalf. The second proposed rule suppresses the voices of independent proxy advisory firms that make informed participation possible for small shareholders. The proposed rules are prejudicial and unnecessary, and we urge the SEC to withdraw them.

### **The Proposed Rules Undermine the Rights of Shareholders**

The newly proposed threshold amounts place proposals out of reach for most mainstream investors. The requirement that a shareholder retain a stock for 3 years before the filing amount falls to \$2,000 in shares creates additional difficulties associated with ensuring that particular stocks are held in portfolios over time without interfering with normal diversification activities.



## The Proposed Rules Improperly Impinge on Shareholder Rights to Be Represented by Agents

The proposed amendments create burdensome and unequal requirements on shareholders who wish to be represented by agents. As an example, the proposed rules would mandate that shareholders who had a proposal filed by their manager or other an agent must personally make themselves available to the company for dialogue, in person or by phone, within a certain limited period of time. This infringes on investors' rights to select an agent to represent their interests, and is unnecessary to "protect" shareholders, as those agents are bound by a fiduciary duty to their clients. The rules would also prevent an agent from representing more than one shareholder at a given company. Average shareholders with valid concerns about their company's actions who do not have expertise in the complicated filing and no-action process established by the SEC, should be able to be represented by an agent under the same rules as other filers. It is a baseless interference in the representational process to burden and limit their representation, especially with no clear benefit other than, apparently, to limit or prevent the efficient representation of shareholders.

Being represented by agents is a standard mechanism in our society. From realtors to lawyers, individuals, companies, and institutions are often represented by those with experience in a complicated arena. The SEC fails to justify its inappropriate interference in this agency relationship.

Similarly, proxy advisory firms help individuals and institutional investors by providing independent, efficient, and cost-effective research services to inform their proxy voting decisions. It is difficult for individual investors to research and understand the full consequence of all proposals. Proxy advisory firms provide a valuable service in their recommendations. This is particularly crucial where fiduciary responsibilities exist. The proposed amendments will slow this process, create additional costs and burdens to the proxy firms and therefore to their clients, and will unfairly allow companies to interfere in the provision of information to shareholders. Companies have ample opportunity to share their opinions and justifications with their shareholders.

## There Are No Demonstrable Problems with the Existing Rules

The existing rules work. The number of shareholder proposals have not increased over the years while the majority of issues that have been raised by shareholder proposals have consistently proven to be timely and important in reducing risk to companies and increasing value to shareholders. The SEC's proposed rules have not demonstrated a sufficient burden that would justify impinging on important shareholder rights. Because the proposed rules are detrimental to the rights of shareholders, especially smaller investors, we urge the SEC to withdraw the proposed rules.

Sincerely,

Kaitlyn Allen  
President & CEO

Amanda Hsieh  
COO