

January 17, 2020

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

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:

Cheryl Ritenbaugh, PhD, retired, 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).

I am a retired college professor who has been deeply concerned about sustainability and climate change for 30 years. In retirement, my portfolio is in excess of \$1 million. Within that container, I attempt to remain diversified and balanced among a variety of types of products, from large cap investments to funds to bonds.

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 like myself, 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 not only dramatically increases the amount of shares investors must hold to file resolutions at their companies, it significantly increases the vote thresholds necessary for refiling, and 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.

I regularly vote my proxies, and carefully examine shareholder proposals for their relevance and importance in my guiding principles, which are that fundamentally we need to have a healthy and sustainable planet if our financial stability is to have any meaning. Knowing what shareholder petitions are discussed at board meetings has allowed me to follow companies policy changes that are instituted in response to shareholder initiatives, even when the specific initiative may have failed. The shareholders have raised issues which the companies can respond to in relevant ways, once the leadership is forced to engage the topics. This is an incredibly important component of our current regulatory system.

### The Proposed Rules Undermine the Rights of Shareholders

The current threshold to file a shareholder proposal was intentionally set at a level of \$2,000, allowing institutional and individual shareholders like me to engage with the governing bodies of a corporation. The proposed rule raises the ownership requirements from \$2,000 up to \$25,000 for investors who have owned company shares for one year, a 1200% increase. The newly proposed amounts place proposals out of reach for me on more than 90% of my investments. My diversified portfolio rarely owns \$25,000 worth of one company's stock or even the lesser amount of \$15,000 when shares have been held for two years. The requirement that a shareholder retain a stock for 3 years before the filing amount falls to \$2,000 in shares becomes even more difficult, as my portfolio undergoes frequent adjustments to remain diversified and balanced.

These proposed requirements are discriminatory to small investors like me without justification. I have watched closely, and have seen that proposals from small shareholders, both individually and in the aggregate, have resulted in significant corporate advancements in gender parity, racial diversity, transparency, labor practices, environmental policies, climate change, and more.

### 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. 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.

Currently, I rely on my agent to connect me with the proxy vote interface, and I always vote my own proxies. That is how I learn about how the management addresses the concerns that I have, and reading the proxy report and voting my proxy has been one of the ways that I have chosen to increase or decrease my level of investment in a particular firm. The system is not broken and does not need to be fixed.

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 need that would justify impinging on important shareholder rights. Because the proposed rules are arbitrary and capricious and detrimental to the rights of shareholders we urge the SEC to withdraw the proposed rules.

Sincerely,

Cheryl Ritenbaugh  
Minneapolis, Minnesota