

*SUSAN SMITH MAKOS*



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Submitted via electronic mail: [rule-comments@sec.gov](mailto:rule-comments@sec.gov).

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

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

Dear Secretary Countryman,

I write today as an investor in publicly traded companies who is relying on our investments in these companies for my family's long-term needs and well-being, including supporting us through retirement in the years ahead. I take seriously our responsibilities as owners of shares in these companies, not only because of the importance of the financial viability of investments into the future, but also because I firmly believe that these companies can have significant impacts-both positive and negative-on the well-being of the United States and globally due to the interconnectedness of world economies.

As a shareholder in these companies, I review the annual proxy statements that are sent or made available to me and actively vote most proxies at company shareholder meetings. Over the years, I have voted in support of many resolutions proposed by shareholders on key areas of concern for the companies I am invested in that address issues such as protection of human rights, fair treatment of workers, protection of the environment and water supply that we all share, good governance practices etc. All of these concerns were supported as key areas of commitment by companies in the Business Roundtable (the "BRT") in its "Statement on the Purpose of the Corporation" articulating a "fundamental commitment" to all stakeholders, including respecting "people in our communities" and protecting the environment.<sup>1</sup> The BRT's Statement was signed by nearly 200 CEOs of large U.S. companies.

The filing requirements of the shareholder proposal process as currently provided in SEC regulations of ownership of \$2,000 continuously for one year is a reasonable requirement for several reasons:

- First, shareholders of all size have ideas worth consideration by companies they invest

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<sup>1</sup> Business Roundtable, "Statement on the Purpose of a Corporation" (August, 2019) (<https://opportunity.businessroundtable.org/wp-content/uploads/2019/12/BRT-Statement-on-the-Purpose-of-a-Corporation-with-Signatures.pdf>)

in, and their right to participate in the shareholder proposal process should be protected-indeed it should be championed by the SEC-larger investors are not the only investors to have ideas worth considering;

- Second, a holding of shares of \$2,000 in an individual company is a reasonable amount of holdings for a single investor, and for some main street investors, that is a significant investment in a single company;
- Third, an increase in the holding period from the current requirement of at least one year to longer periods of two or three years can be challenging for investors to maintain since there can be brief periods of interruption in ownership. These periods of brief interruption can be due to change in broker or advisor for the legitimate reasons, e.g. reduction in broker's fees and costs or improved advisory services that do not reflect on an investor's long-term ownership in a company. In addition, the holding periods in the proposal are inconsistent with other positions by the federal government and in particular, the Treasury Department, which defines short-term ownership of company shares as one year or less, and long-term ownership as 1 year and 1 day or more in its definitions of capital gains treatment.<sup>2</sup>
- Fourth, the SEC is charged with not only fair and orderly operation of the capital markets, but also the protection of investors.<sup>3</sup> Studies recently published show the number of shareholder proposals on environmental, social and sustainability topics filed in the past three years has declined from 494 in 2017 to 457 in 2019, while average shareholder support for these proposals grew from 21.4% in 2017 to 25.7% in 2019.<sup>4</sup> From my own personal review of, and voting on, company proxies, the number of proposals from shareholders to vote on are a very small percentage of those I am asked as a shareholder to vote. In addition, shareholder proposals are on the proxy of only a minority of publicly traded companies. These factors do not demonstrate that shareholder proposals are causing "disorder" in the capital markets.

I strongly encourage SEC to reject these proposals in their entirety and continue using existing rules regarding procedural requirements. The filing of resolutions is a fundamental tenet of shareholder rights that should be protected, whether those investors are large or small. Considering the number of shareholder proposals and increasing shareholder votes in support, how is the SEC fulfilling its mission to protect investors rather than appeasing company management and boards that prefer only board and management sponsored items on their proxy? Thank you.

Respectfully Submitted,

  
Susan Smith Makos

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<sup>2</sup> See eg, IRS Publication 544, page 35 <https://www.irs.gov/pub/irs-pdf/p544.pdf>

<sup>3</sup> <https://www.sec.gov/Article/whatwedo.html>

<sup>4</sup> Si2 'FACT SHEET: Social & Environmental Proposals at US Companies, January 2020  
[https://siinstitute.org/special\\_report.cgi?id=80](https://siinstitute.org/special_report.cgi?id=80).