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February 3, 2020

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Dear Ms Countryman,

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

Thank you for the opportunity to provide feedback on the above proposed amendments. Legal & General Investment Management America (LGIMA) has \$219 billion in assets under management (AUM)¹ in the United States and is an SEC registered investment adviser. We manage assets for a wide range of global clients. As a significant global asset manager, we have a responsibility to ensure that international markets operate efficiently and uphold the highest level of corporate governance and sustainability standards to protect the integrity of the markets over the long-term.

We are the U.S.-based affiliate of Legal & General Investment Management (LGIM) in the United Kingdom. Collectively, our two companies with other Legal & General affiliates are one of the largest global investment advisor groups with \$1.4 trillion in AUM.²

This letter supplements previous comment letters to the SEC, including LGIM's letter dated October 21, 2019 ('File No. 4-725' - *Comments on Statement Announcing SEC Staff Roundtable on the Proxy Process*). LGIMA, with a broad coalition of investors, co-signed a letter from the Council of Institutional Investors (CII) dated October 15, 2019 on the same proposal, noting that those proposed changes could reduce investor participation and might inadvertently weaken corporate governance in the United States. Also, on November 5, 2019, we as part of a coalition co-signed a letter from the CII to request an extended review period for these two proposals from 60 days to 120 days given the significance of the proposed changes. Separately, on December 12, 2019, LGIM(H), our parent company, with a coalition of

¹ As of December 31, 2019.

² As of June 30, 2019.

institutional investors, co-signed a letter from the United Nations Principles for Responsible Investment (UN PRI) to further express our views regarding the proposed amendments.

Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice

Proxy advisors are agents of and contracted by institutional investors, and like LGIMA, are not issuers. They perform a valuable role in gathering corporate proposals, researching them and providing insights to firms such as us (and other institutional investors) to help us navigate our way through a multitude of proposals to help us make our decision to vote or not to vote.

We believe that the two releases issued on August 21, 2019,³ provided all of the guidance and support that is necessary to deal with proxy advisers, and we would suggest that the SEC monitor how investment advisers and others have implemented this guidance before action is taken to codify part or all of this guidance.

We disagree that there should be any process for prior review by the issuer of securities for proxy advisors to provide research and recommendations. To do so might have a chilling effect on the proxy adviser process and become a form of censorship. Issuers cannot vet research nor should they be able to review research or recommendations. Such a requirement could be viewed as a means to curtail the independence of proxy advisors, and creates its own conflicts of interest between issuers and proxy advisers. We query whether this might be tantamount to the conflicts created by firms that were engaged in securing ratings for CDOs and CBOs. It does raise potential free speech issues in that an issuer could influence or curtail recommendations before they were issued and help “steer” recommendations towards a result that might be favored by an issuer that was not entirely supported by institutional investors and money managers.

Institutional investors owe a fiduciary duty to asset owners and ultimately possess the final decision on how to vote and arrive at the decision to vote or not to vote without influence at every stage of the proxy voting process. Institutional investors have developed detailed customized voting policies, and proxy advisors provide valuable independent research that helps inform the decision-making process. These procedures help establish the necessary independence proxy advisors and institutional investors require in discharging their duties.

The introduction of an issuer review process would impose substantive administrative requirements on proxy advisory firms that may be unworkable (i.e. negotiating confidentiality agreements with all issuers). This would add additional and unnecessary costs for proxy advisors and ultimately the investors. This process may delay the provisioning of the proxy advisors independent research and advice to investors. Factual accuracy of the information is crucial; however, we do not believe there are significant errors in the proxy advisors’ reports that would justify the additional requirements that the SEC seeks to impose. The independence of their review and advice is critical, and we believe it should not be modified or influenced by the issuers’ management. As stated earlier, proxy advisors only provide ‘advice’; therefore, this requirement may only result in adding further barriers to entry for new proxy advisory firms and decrease competition.

³ “Commission Guidance Regarding Proxy Voting Responsibilities of Investment Advisers”, IA-5325 (August 21, 2019), and “Commission Interpretation and Guidance Regarding the Applicability of the Proxy Rules”, Release 86721 (August 21, 2019) (together, “Guidance”).

In our view, any SEC regulation beyond the Guidance would impede the independence of proxy advisors and ultimately impact the interests of investors.

Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8

The shareholder resolution process is a critical mechanism for constructive dialogue and engagement between investors and companies, and we believe it is a fundamental component of investor rights. It is an important tool to facilitate active ownership. It empowers investors with the ability to hold management accountable on critical issues such as material Environmental, Social and Governance (ESG) topics that may affect long-term shareholder value in a way that other forms of engagement may not. Additionally, it is an important tool for issuers to better understand shareholder interests. Shareholder resolutions have played a critical role in encouraging better corporate disclosures and the integration of material ESG issues in the capital markets.

The SEC also proposes to increase the resubmission thresholds under the new rule amendments. We are concerned that the increase in resubmission thresholds and the inclusion of a new provision that excludes a proposal for instances that exceed three votes in the last five years may be deleterious to shareholder rights and potentially hinder the advancement of material ESG issues. Ultimately, shareholders may find it harder to draw attention to companies that are at risk or are not responding to traditional channels of engagement. We do, however, see the merits in not placing restrictions on the ability of investors to submit proposals.

We respectfully recommend that the SEC does not move forward with this amendment or revisit the proposed changes to address the concerns discussed herein.

We appreciate the work the SEC has completed on the economic baseline and encourage further analysis of the implications of these amendments on shareholder resolutions before taking any further decision on this proposal.

Thank you for considering our views. Should you wish to discuss this letter further, please do not hesitate to contact me at [REDACTED] or John Hoeppe at [REDACTED].

Yours sincerely,

For and on behalf of
Legal & General Investment Management America, Inc.
By:

Aaron Meder

Aaron Meder
Chief Executive Officer