



February 3, 2020

The Honorable Jay Clayton, Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: Proposed Rule on Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8; File Number S7-23-19

Dear Chairman Clayton,

The International Corporate Accountability Roundtable (ICAR), a coalition of forty-five environmental, human rights, labor, and development organizations, wishes to take this opportunity to voice its opposition to the “Proposed Rule on Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8,” File Number S7-23-19. This proposed rule restricts access to the shareholder resolution process, ultimately making it more difficult for investors to raise critical, material issues with corporate management. As such, ICAR urges the U.S. Securities and Exchange Commission (SEC) to abandon this proposed rule.

Shareholder resolutions, which are the most direct and transparent communication mechanism between company management and shareholders, are a key tool for safeguarding the long-term interests of investors and ensuring those interests are not sacrificed in the name of short-term profit. Shareholder resolutions have enabled investors to push companies to develop and implement stronger policies and practices on human rights, diversity, and climate change, which are all issues that are inextricably linked to a firm’s long-term value.

This proposed rule, which calls into question Chairman Clayton’s statement that the SEC’s “first goal is to protect the long-term interests of Main Street Investors,” would limit the ability of Main Street Investors to participate in the shareholder proposal process. It would do this by raising the minimum ownership threshold to file shareholder resolutions by 1,200%, eliminating Main Street Investors’ ability to aggregate shares to meet that new threshold, and the momentum rule’s intended consequence is to remove issues from the ballot more quickly. By diminishing the participation of Main Street Investors in the shareholder resolution process, this proposed rule threatens the long history of shareholders raising critical, material issues like board diversity, greenhouse gas emissions, and nondiscrimination policies and it would significantly undermine the overall effectiveness of shareholder resolutions as a mechanism to protect investor interests.

According to SEC Commissioner Robert Jackson, a small sampling of the immediate effects of this rule change would include:

- More than 50% of current proposals restricting executive stock sales would be excluded from the ballots for three years;
- 65% of proposals for better reporting on climate change would be excluded;
- 50% of board diversity proposals would be excluded; and
- 40% of political spending disclosure reporting proposals would be excluded.

At a time when market participants are affirming the inextricable link between a broad array of stakeholder interests and the financial health of their businesses, this rule serves to choke off one of the most important avenues of that dialogue and dampen investors ability to hold corporate management accountable.

Thank you for your consideration of these comments.

Sincerely,

Alison Kiehl Friedman, Executive Director
International Corporate Accountability Roundtable