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Via email to rule-comments@sec.gov

January 31, 2020

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

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

Dear Ms. Countryman:

On behalf of Loring, Wolcott & Coolidge, a Boston-based multifamily office that traces its roots back to the 1800s and manages approximately $9 billion in client assets, I write to strongly oppose the *Proposed Rule on Procedural Requirements and Resubmission Thresholds Under Exchange Act Rule 14a-8* (S7-23-19). We believe the proposed changes are not only unnecessary, but also run counter to the basic philosophy underlying the SEC's mission.

The stated mission of the SEC is to "protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation." Central to that mission is the mandate to safeguard those core shareholders' tools that were put in place to maintain a system of checks and balances between investors and the publicly-traded companies in which they invest. Of particular importance is the shareholders' right to file proposals. Rule 14a-8 best represents the fundamental bargain struck between investors and shareowners — in exchange for capital, shareholders get unique rights to bring important issues to the attention of corporate management and all other shareholders.

We consider ourselves to be long-term shareholders; it is not uncommon for us to hold individual positions for decades. As such, we expect that our interests are very tightly aligned with those of management. It is in this spirit of alignment that we, from time-to-time, directly engage management to discuss issues ranging from improving corporate governance structures to reducing exposure to environmental risks to addressing negative social impacts of business decisions. While we always prefer addressing these concerns through open, respectful dialogue, we periodically face the tough decision to file a shareholder resolution when management does not respond.

Through the years we have frequently seen that the act of filing a shareholder proposal serves to catalyze meaningful dialogue with corporations. Some of our strongest, most positive relationships with management teams were formed through the process of initially filing and then subsequently withdrawing a proposal. In that regard, we encourage the SEC to appreciate the accretive, though much less public, characteristic of Rule 14a-8. Toward that end, we would welcome SEC guidance that would foster more collaborative, constructive communications between companies and their investors. However, the aforementioned Proposed Rule S7-23-19, which creates new engagement requirements for shareholders but has no element of reciprocity for companies, fails in that regard. Such asymmetry is decidedly not in keeping with the SEC's stated mission.

Additionally, we believe that the specific provisions of the Proposed Rule that dramatically increase resubmittal thresholds are extremely problematic, especially in the case of companies that have multiple classes of shares with unequal voting rights. In these cases, the proposed resubmission requirements all but ensure failure for many important proposals.

Our recent engagement of Alphabet Inc. serves as a concrete example of how the proposed increase in resubmission thresholds is draconian, particularly due to this company's multiple share class structure. Based on most recent filings, Alphabet's two founders own approximately 11 percent of all shares outstanding. However, due to the super-voting nature of the Class B shares that they own (Class B shares have 10 votes per share, whereas Class A shares have one vote per share, and Class C shares do not have a vote), they control a majority of the vote. Because of that arrangement, it is exceedingly difficult to meet the proposed threshold levels, particularly for year three.

In 2019, our Alphabet proposal was included on the proxy statement and received 8.8 percent support, excluding abstentions and broker non-votes. (It is worth noting that if we were to exclude insiders from the vote count, that support level would have been over 27 percent.) With this level of support, we would meet the current threshold of three percent as well as the proposed level of five percent should we wish to refile. However, looking out to year three, where the proposed rule lifts the required support level from 10 percent to 25 percent, we could manage to get support from a majority of all voting shareholders and still come in short of the threshold. In fact, based on most recent filings, we would need the support of at least 59.5 percent of all unaffiliated shareholders to meet the proposed threshold for refiling in year three.

In summary, the combination of Alphabet's multiple share class structure and the proposed lifting of the refiling threshold would allow the company to completely insulate itself from the input of its shareholders. With nearly 14 percent of the S&P 500 having multiple share classes today, our example is far from an isolated one.

In our experience, the judicious application of Rule 14a-8 is an important tool used to protect the long-term interests of our clients. Further, given our aligned interests, it also enhances the long-term health of the companies in which we invest. We join the vast number of investors who have also written letters similar to this one in urging the SEC to live up to its own core mission.

Sincerely,

W. Andrew Mims
Trustee & Partner
Loring, Wolcott & Coolidge Trust, LLC