

Congress of the United States
Washington, D.C. 20515

September 15, 2020

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

Dear Chairman Clayton,

Thank you for your continued leadership through the COVID-19 pandemic and for your efforts to protect investors throughout this crisis. We also commend you for continuing your important work to promote better functioning capital markets during the pandemic. In advance of the September 16th SEC meeting, we write in support of the SEC finalizing rules that update the shareholder proposal process.

The current SEC rules for shareholder submissions have not been significantly updated in over 35 years. In that time period, we have seen a small group of individual investors play an outsized role in the submission of shareholder proposals while often lacking any long-term ownership stake. This has led to significant time and resources being spent on proposals that have little chance of being approved, all at the cost of long-term shareholders.

The SEC proposed rule importantly ensures that shareholder proposals may still be submitted to make views known to management and other shareholders. However, the SEC proposal appropriately recognizes that there needs to be a balance that prevents a handful of shareholders from continually submitting proposals that have a history of limited support and are being offered by shareholders who do not have a meaningful interest in the company.

Specifically, we are supportive of a tiered threshold approach that provides individuals the opportunity to submit a shareholder proposal based on the longevity and amount of an investment. Additionally, we are supportive of the resubmission threshold requirements being appropriately updated. These two amendments will ensure that shareholders that submit proposals are doing so with a long-term interest in the company and are only resubmitting proposals that have demonstrated a meaningful level of support. Finally, we commend the SEC for the proposed rule including reforms requiring shareholder-proponents to agree to meet with the company in order to discuss submitted proposals. This will enable greater collaboration between companies and shareholders and promote better corporate governance.

We again commend you for all of your work on these important issues and encourage you to move forward with finalizing these proposed rules.

Sincerely,



Anthony Gonzalez
Member of Congress



Bryan Steil
Member of Congress