



California Public Employees' Retirement System  
Executive Office  
P.O. Box 942701  
Sacramento, CA 94229-2701  
TTY: (877) 249-7442  
(916) 795-3829 phone • (916) 795-3410 fax  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

January 9, 2017

Brent J. Fields, Secretary  
Office of the Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Dear Mr. Fields:

Subject: FILE NO. S7-24-16 - UNIVERSAL PROXY

On behalf of the California Public Employees' Retirement System (CalPERS), thank you for the opportunity to provide comments on the proposed amendments to federal proxy rules to require the use of universal proxy cards in contested board elections put forward by the Securities and Exchange Commission (SEC).

CalPERS is the largest public, defined benefit pension fund in the United States, with approximately \$303 billion in global assets, as of market close December 19, 2016. CalPERS manages investment assets on behalf of more than 1.8 million public employees, retirees, and beneficiaries.<sup>1</sup> With equity holdings in more than 10,000 companies, we vote our proxies consistent with our Investment Beliefs, Global Governance Principles (Principles), Legislative and Policy Engagement Guidelines, and internal policies. Given the significant number of companies in the CalPERS portfolio, we rely on the proxy voting system to efficiently exercise our voting rights.

The proxy system is the principal means by which shareowners in public companies exercise their voting rights.<sup>2</sup> Proxy voting rights not only enhance the efficiency of capital markets, but also provide shareowners the ability to hold corporate directors accountable. In our April 6, 2015, letter to the SEC following its Proxy Voting Roundtable, we expressed our support for a proxy voting system that would allow

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<sup>1</sup> See, CalPERS, *Facts at a Glance* (June 30, 2015), <https://www.calpers.ca.gov/docs/forms-publications/facts-at-a-glance.pdf>.

<sup>2</sup> See, Federal Register, Universal Proxy Proposed Rule, dated 11/10/2016, <https://www.federalregister.gov/documents/2016/11/10/2016-26349/universal-proxy>

shareowners the opportunity to vote for the full slate of director candidates. Additionally, we asked the SEC to adopt necessary technical fixes to the “bona fide nominee” rule and adopt a mandatory universal proxy card.

Reforming federal proxy rules to allow shareowners the ability to vote by proxy for any board of director candidate combination, would provide an effective mechanism for shareowners to hold directors accountable. Essentially, the proposed amendments would level the playing field by eliminating burdensome voting constraints, and permit shareowners unable to attend meetings in-person, an opportunity to exercise their vote in the same manner as shareowners who are able to physically attend meetings and cast a written ballot. Accordingly, we appreciate the SEC’s decision to consider amending the federal proxy rules to allow all shareowners the ability to vote for a combination of director nominees of their choice.

### **Proposed Amendments to Implement Universal Proxy:**

We support the proposed amendments which would require proxy contestants to furnish shareowners a universal proxy card; one that includes the names of both management and dissident director nominees in an election contest in a manner that reflects, as closely as possible, the voting process available in-person. We are also pleased that, in addition to requiring universal proxy cards in all non-exempt solicitations in contested elections, the proposed amendments would also revise and expand the definition of a “bona fide nominee” in Rule 14a-4(d) to allow parties to include all director nominees on universal proxy cards. In effect, the proposed amendments would provide shareowners the ability to vote by proxy for any combination of candidates in contested elections, similar to voting in-person.

The proposed revisions to the federal proxy rules reflect the reality that most shareowners vote by proxy. This allows companies to have a quorum to conduct annual meetings without shareowners expending valuable time and resources required to physically attend shareowner meetings. The proposed amendments are consistent with our Principles<sup>3</sup> which state: “To facilitate the shareowner voting process in contested elections - opposing sides engaged in the contest should utilize a proxy card naming all management nominees and all dissident nominees, providing every nominee equal prominence on the proxy card.”

### **Proposed Amendments Relating to Voting Options and Standards in All Director Elections:**

We also support the proposed amendments to Rule 14a-4(b) that would require proxy cards to specify the applicable shareowner voting options in all director elections, and would require proxy statements to contain a disclosure regarding the effect of a

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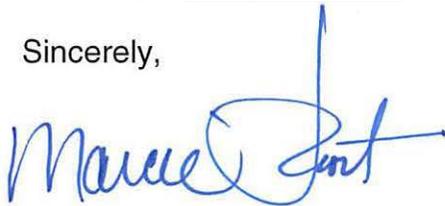
<sup>3</sup> See, *CalPERS Global Governance Principles*, California Public Employees’ Retirement System, Updated Mar. 14, 2016, page 14, <https://www.calpers.ca.gov/docs/policy-global-governance.pdf>.

shareowner's election to withhold a vote in director elections. CalPERS believes that the proposed amendments are consistent with congressional intent that the SEC's proxy rules ensure the form of proxy and proxy statement disclosure requirements clearly specify applicable voting options and standards in all director elections.

In sum, CalPERS believes that the proposed amendments would serve to make the democratic process that defines our proxy voting system more robust, and promote greater board accountability to shareowners through a more efficient annual election process. We, therefore, strongly urge the SEC to advance the proposed amendments.

If you have any questions, please do not hesitate to contact Don Pontes, Investment Director, at [REDACTED], or Mary Anne Ashley, Chief of the Legislative Affairs Division, at [REDACTED]. Thank you for considering these views.

Sincerely,



MARCIE FROST  
Chief Executive Officer