



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

January 9, 2025

Hope Mehlman
Discover Financial Services

Re: Discover Financial Services (the "Company")
Incoming letter dated November 26, 2024

Dear Hope Mehlman:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by Chris Mueller (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(f) because the Proponent did not comply with Rule 14a-8(b)(1)(i). As required by Rule 14a-8(f), the Company notified the Proponent of the problem, and the Proponent failed to correct it. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rules 14a-8(b)(1)(i) and 14a-8(f).

Copies of all of the correspondence on which this response is based will be made available on our website at <https://www.sec.gov/corpfin/2024-2025-shareholder-proposals-no-action>.

Sincerely,

Rule 14a-8 Review Team

cc: Chris Mueller



November 26, 2024

VIA ELECTRONIC SUBMISSION

Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Discover Financial Services
Request to Omit Shareholder Proposal of Chris Mueller

Ladies and Gentlemen:

Discover Financial Services, a Delaware corporation (“we” or the “Company”), hereby submits this letter pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), with respect to a proposal dated October 18, 2024 (together with its supporting statement, the “Proposal”) submitted by Mr. Chris Mueller (the “Proponent”), which we received by mail on October 25, 2024, for inclusion in the Company’s proxy statement and form of proxy for the Company’s 2025 annual meeting of shareholders (together, the “2025 Proxy Materials”). The full text of the Proposal is attached hereto as Exhibit A.

We respectfully request confirmation that the Staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”) will not recommend enforcement action to the Commission if the Company excludes the Proposal from the 2025 Proxy Materials. We believe that the Proposal may be properly omitted from the 2025 Proxy Materials pursuant to Rule 14a-8(b)(1) and Rule 14a-8(f)(1), because the Proponent failed to provide to the Company (1) any proof of the requisite stock ownership and (2) a written statement regarding his ability to meet with the Company to discuss the Proposal, in each case, in violation of the requirement under Rule 14a-8(f) to remedy such deficiencies—and to do so in a timely manner—after receiving notice of such deficiencies.

This letter, including the exhibits hereto, is being submitted electronically to the Staff. A copy of this letter has been sent to the Proponent as notification of the Company’s intention to omit the Proposal from the 2025 Proxy Materials.

The Company intends to file its definitive 2025 Proxy Materials with the Commission on or about March 14, 2025.

PROPOSAL

Although the Proponent has not clearly identified the resolution of the Proposal, we believe it is the following text, which is presented in bold in his letter:

My proposal: Discover Financial Services should allow our shareholders the option to hold their shares in certificated form by utilizing the "print on demand" service that Computershare offers called QuickCert.

I. BASIS FOR EXCLUSION

The Company believes that the Proposal may be properly excluded from the 2025 Proxy Materials pursuant to Rule 14a-8(b)(1) and Rule 14a-8(f)(1), because the Proponent failed to provide to the Company:

- any proof of the requisite stock ownership; and
- a written statement regarding his ability to meet with the Company to discuss the Proposal;

in each case, in violation of the requirement under Rule 14a-8(f) to remedy such deficiencies—and to do so in a timely manner—after receiving notice of such deficiencies.

II. BACKGROUND

On October 25, 2024, we received the Proposal via mail from the Proponent, which is attached hereto as Exhibit A. The Proposal did not contain any information concerning the stock ownership as required under Rule 14a-8(b)(1)(i), or any statement as to the Proponent's availability to meet with the Company as required under Rule 14a-8(b)(1)(iii). Therefore, after confirming that the Proponent was not a shareholder of record and in accordance with the requirements of Rule 14a-8(f)(1), the Company sent a letter to the Proponent via e-mail on November 1, 2024, informing the Proponent of the requirements of Rule 14a-8(b) and indicating the methods by which the Proponent could cure these eligibility deficiencies (the "Deficiency Notice"). The Deficiency Notice is attached hereto as Exhibit B. Specifically, we informed the Proponent that, under Rule 14a-8(f), if the Proponent would like to remedy the deficiencies, the Proponent's proof of ownership and statement of availability must be postmarked, or transmitted electronically, no later than 14 calendar days from the date of receipt of our letter. The Deficiency Notice also stated that, if the Proponent does not adequately correct the deficiencies in the required time frame, we will exclude the Proposal from the proxy materials for our upcoming annual meeting. The Proponent acknowledged receipt of the letter via email on November 1, 2024. The Proponent's email is attached hereto as Exhibit C.

As of the date hereof, which is 25 calendar days from the date on which we emailed the Deficiency Notice to the Proponent, the Company has not received any further correspondence, including any proof of stock ownership or any statement of availability, from the Proponent.

III. ANALYSIS

1. The Proposal May Be Excluded Pursuant to Rule 14a-8(b)(1) and Rule 14a-8(f)(1) because the Proponent failed to provide any proof of the requisite stock ownership to the Company.

Under Rule 14a-8(f)(1), a company may exclude a shareholder proposal if the proponent fails to follow one of the eligibility or procedural requirements contained in Rule 14a-8.

Rule 14a-8(b)(1) provides that, to be eligible to submit a shareholder proposal in connection with a shareholders meeting that is scheduled to be held on or after January 1, 2023, a stockholder must have continuously held:

1. At least \$2,000 in market value of the company's securities entitled to vote on the proposal for at least three years; or
2. At least \$15,000 in market value of the company's securities entitled to vote on the proposal for at least two years; or
3. At least \$25,000 in market value of the company's securities entitled to vote on the proposal for at least one year.

Pursuant to Rule 14a-8(b)(2)(ii)(A), if a proponent is not the registered holder of securities entitled to vote, the proponent must submit to the company a written statement from the record holder of such securities verifying that, at the time the proposal was submitted, the proponent held enough of the company's securities to satisfy the ownership threshold requirements of Rule 14a-8(b)(1).

The Staff has consistently concurred that a proponent's failure to timely provide proof of the requisite stock ownership is a proper basis for exclusion. *See, e.g., General Motors Company* (April 23, 2024) (permitting exclusion under Rule 14a-8(f)(1) where the proponent failed to timely provide proof of the requisite stock ownership after receiving notice of such deficiency); *Walgreens Boots Alliance, Inc.* (Nov. 8, 2022) (permitting exclusion under Rule 14a-8(f)(1) where the proponent supplied evidence of eligibility to submit a shareholder proposal 16 days after receiving the company's deficiency notice); *FedEx Corp.* (June 5, 2019) (permitting exclusion under Rule 14a-8(f)(1) where the proponent supplied evidence of eligibility to submit a shareholder proposal 15 days after receiving the company's deficiency notice).

2. The Proposal May Be Excluded Pursuant to Rule 14a-8(b)(1) and Rule 14a-8(f)(1) Because the Proponent Failed to Provide the Company with a Written Statement Regarding His Availability to Meet with the Company.

Rule 14a-8(b)(1)(iii) requires a proponent to provide a written statement that the proponent is able to meet with the company in person or via teleconference no less than 10 calendar days, nor more than 30 calendar days, after submission of the shareholder proposal. This written statement must include the proponent's contact information as well as business days and specific times that the proponent is available to discuss the proposal with the company. The proponent must identify times that are within the regular business hours of the company's principal executive office.

The Commission has indicated that proponents must identify specific dates and times rather than providing a general statement of the proponent's availability, as the former approach increases the likelihood of engagement because the company knows the proponent's availability in advance. See SEC Release No. 34-89964, 85 Fed. Reg. 70240, 70253-4. (Sept. 23, 2020). Under Rule 14a-8(f)(1), a company may exclude a shareholder proposal if the proponent fails to provide evidence that it meets any of the eligibility requirements of Rule 14a-8(b) following a timely and proper request by the Company.

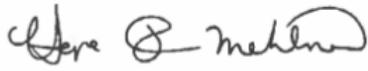
The Staff has consistently permitted the exclusion of shareholder proposals where a proponent fails to provide a written statement of the proponent's availability to discuss the proposal after receiving a timely deficiency notice from the company under Rule 14a-8(b)(1)(iii) and Rule 14a-8(f)(1). See *The Allstate Corp.* (Jan. 23, 2023) (concurring with the exclusion of a proposal pursuant to Rule 14a-8(b) and Rule 14a-8(f)(1) when the proponent failed to supply a written statement regarding the proponent's ability to meet with the company after receiving a timely deficiency notice); *Textron, Inc.* (Jan. 23, 2023) (same); *PPL Corp.* (Mar. 9, 2022) (same).

IV. CONCLUSION

Accordingly, the Company respectfully requests that the Staff concur that the Proposal may be excluded from the 2025 Proxy Materials pursuant to Rule 14a-8(b)(1) and Rule 14a-8(f)(1).

Should you have any questions or if you would like any additional information regarding the foregoing, please do not hesitate to contact us at kevincolemant1@discover.com. Thank you for your attention to this matter.

Best Regards,

A handwritten signature in black ink, appearing to read "Hope S. Mehlman". The signature is fluid and cursive, with a large, stylized initial "H" and a prominent "S" for the middle name.

Hope Mehlman
Chief Legal Officer, General Counsel & Corporate Secretary

Attachments

cc: Marc Treviño (Sullivan & Cromwell)
June M. Hu (Sullivan & Cromwell)

Exhibit A

Shareholder Proposal

October 18, 2024

Discover Financial Services
2500 Lake Cook Road
Riverwoods, USA, 60015

Members of the board.

My name is Chris Mueller, and I would like to submit a shareholder proposal for the 2025 annual shareholder meeting. I am an individual investor with a directly registered ownership position in our company. I intend to hold my position through the date of the meeting, and I'm available to discuss my proposal with the board at any time.

My proposal: Discover Financial Services should allow our shareholders the option to hold their shares in certificated form by utilizing the "print on demand" service that Computershare offers called QuickCert.

Hundreds of issuers use Computershare's QuickCert service including: Tesla, Nvidia, Walmart, Yelp, MGM, United Airlines, Harley, Starbucks, Papa Johns, TopGolf, Citizens, Icahn, JP Morgan, Goldman Sachs, Nasdaq, Hasbro, Cisco, Paypal, Foot Locker, Domino's, Wayfair, Colgate, Amex, PNC, Pepsico, Campbell's, Manitowoc, BNY Mellon, K-Force, JetBlue, Carnival, AGNC, Nokia, Mattel, Funko.

Based on my own holdings, MOST issuers, that use Computershare as a transfer agent, continue to offer the option for certificated holdings. A majority of those issuers use QuickCert. The service is low cost, and the fee to the investor is \$25 per certificate.

Holding book-entry shares with the transfer agent already adds a layer of protection for the investor, however, there are still risks with holding uncertificated shares. According to Computershare's FAQ, book-entry shares (enrolled in certain investment plans) are held by Computershare's nominee Dingo & Co. "A portion" of those shares are held "at DTC for operational efficiency". Computershare has not provided information regarding how they determine what portion of those shares are held at DTC, however, Computershare has stated that certificated shares are not included in the aggregate total of DSPP shares held at DTC. Allowing investors to certificate their shares enables investors to enroll in certain investment plans while eliminating the ability for Computershare to hold a portion of those shares at DTC.

It is also worth mentioning is that transfer agents are not immune to negligence nor cyber attacks. On 8/20/24, the SEC announced settled charges with Equiniti for failing to assure that client securities and funds were protected from cyber intrusions against theft or misuse. Personally, I was not able to log in to dozens of accounts at AST for MONTHS in 2023. Without holding many of my securities in certificated form, I was limited in my ability to prove that I owned those shares during that time.

Although this added layer of protection may not be a priority to everyone, it is worth the additional \$25 investment to me personally. I encourage our company to take my proposal seriously. **Issuers that refuse to offer the certificated holding option are denying our investors the ability to incorporate this extra layer of protection for their shares.**

I would appreciate correspondence through email (if possible) to limit the resource expenditure necessary for responding to my proposal.

Thank you for your time,



Chris Mueller



Exhibit B

Deficiency Notice



November 1, 2024

VIA E-MAIL

Chris Mueller
[REDACTED]
[REDACTED]
[REDACTED]

Re: Discover Financial Services – Rule 14a-8 Stockholder Proposal

Dear Mr. Mueller,

On October 25, 2024, Discover Financial Services (the “Company” or “we”) received your letter, dated October 18, 2024, via certified mail, requesting that the Company include a stockholder proposal in its proxy materials for the Company’s 2025 annual meeting of stockholders (the “Proposal”). This letter is being sent to notify you, in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, of the procedural and eligibility deficiencies in the Proposal, as well as your deadline to respond to this letter.

Under Rule 14a-8(b), to be eligible to submit a proposal, you must submit sufficient proof of your continuous ownership of such number of the Company’s securities entitled to vote on the Proposal equaling at least (a) \$2,000 in market value for at least three years prior to the date the Proposal was submitted (the “Submission Date”); (b) \$15,000 in market value for at least two years prior to the Submission Date; or (c) \$25,000 in market value for at least one year prior to the Submission Date.

You must also include a written statement providing that you are able to meet with the Company in person or via teleconference no less than 10 calendar days, nor more than 30 calendar days, after the Submission Date and provide the specific business days and times within the Company’s ordinary business hours of 9:00am – 5:00pm Central Time that you are available to discuss the Proposal with the Company.

You did not include the required proof of ownership or the statement providing your availability to discuss the Proposal when you submitted the Proposal as required by Rule 14a-8(b). According to the Company’s records, you are a registered holder of one share of the Company’s common stock, which was purchased on April 12, 2024. Because your registered securities holdings do not satisfy the statutory ownership requirement, you must prove your eligibility to submit a proposal by submitting to the Company a written statement by the “record” holder of any additional securities you hold verifying that, as of the Submission Date, you continuously held the requisite number of securities for the required time period. For securities held through The Depository Trust Company

("DTC"), only DTC participants should be viewed as "record" holders. If you hold additional shares through a bank, broker or other securities intermediary that is not a DTC participant, you will need to obtain and provide to the Company proof of ownership from both your bank, broker or other securities intermediary and the DTC participant (or its affiliate) through which your bank, broker or other securities intermediary holds the shares. In addition, you did not identify the specific dates and times that you are available to meet with the Company.

Under Rule 14a-8(f), we are required to inform you that if you would like to remedy the deficiencies described above, your proof of ownership and statement of availability must be postmarked, or transmitted electronically, no later than 14 calendar days from the date of receipt of this letter. If you do not adequately correct these deficiencies in the required time frame, we will exclude your Proposal.

Best Regards,

A handwritten signature in black ink, appearing to read "Hope S. Mehlman". The signature is fluid and cursive, with a large initial "H" and a stylized "S" and "M".

Hope Mehlman
Chief Legal Officer, General Counsel & Corporate Secretary

Exhibit C

Proponent's Acknowledgment of Deficiency Notice

From: [Hope Mehlman](#)
To: [Kevin Coleman](#)
Subject: Fw: [EXTERNAL] Re: DFS Response Letter
Date: Friday, November 1, 2024 5:27:35 PM

Hope Mehlman

EVP, CLO, General Counsel & Corporate Secretary
[REDACTED]
[REDACTED]
[REDACTED]

Internal

From: Chris Mueller <[REDACTED]>
Sent: Friday, November 1, 2024 4:08:54 PM
To: Hope Mehlman <[REDACTED]>
Subject: [EXTERNAL] Re: DFS Response Letter

CAUTION EXTERNAL EMAIL
DO NOT open attachments or click on links from unknown senders or unexpected emails.

Thank you Hope

On Fri, Nov 1, 2024 at 4:47 PM Hope Mehlman <[REDACTED]> wrote:

Mr. Mueller,

We are in receipt of your shareholder proposal. Attached please find a letter in response.

Thank you,

Hope

Hope Mehlman

DISCOVER®

EVP, CLO, General Counsel & Corporate Secretary

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Internal