

# KEY VOTE ALERT!

July 30, 2020

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

The U.S. Chamber of Commerce opposes Amendment #215, offered by Rep. Maxine Waters and Rep. Brad Sherman, to H.R. 7617, the “Defense, Commerce, Justice, Science, Energy and Water Development, Financial Services and General Government, Homeland Security, Labor, Health and Human Services, Education, Transportation, Housing and Urban Development Appropriations Act, 2021.” This Amendment would defund the implementation of the Securities and Exchange Commission’s (SEC) recently approved [rulemaking and guidance](#) providing oversight of proxy advisory firms, transparency on proxy advice, and ending conflicts of interest. **The Chamber will consider including votes related to this amendment in our “How They Voted” congressional scorecard.**

Despite being plagued by conflicts of interest, a lack of transparency, and significant errors in voting recommendations, proxy advisory firms continue to carry a significant amount of influence over corporate governance at America’s public companies. The two dominant proxy firms—Institutional Shareholder Services (ISS) and Glass Lewis —control roughly 97% of the proxy advisory industry, constituting a duopoly that has become the de facto standard setter for corporate governance in the U.S. without any meaningful input from shareholders or issuers. The status quo has created distortions in the capital markets and has made it more difficult for companies to go and stay public.

The House of Representatives was so concerned over the lack of oversight in this area that it sought to regulate these firms by passing the bipartisan H.R. 4015, the “Corporate Governance Reform and Transparency Act of 2017.” The [evidence](#) is clear that these issues must be corrected through regulation by the SEC.

The SEC rule provides investors using proxy voting advice more transparent, accurate, and complete information, and provided supplemental guidance regarding proxy voting responsibilities of investment advisers. The rule codifies the SEC’s longstanding position that proxy advice is generally a “solicitation” under SEC rules and reaffirms that the anti-fraud provisions under Exchange Act Rule 14a-9 apply to proxy advisory firms and that any instances of misleading statements would violate these provisions. The Commission also adopted guidance reaffirming the fiduciary duty of investment advisers in light of the promulgation of the aforementioned rule. These reforms are in the best interest of businesses and shareholders.

The Chamber [supports](#) the SEC’s rule on proxy advisory firms, and we strongly urge you to vote against Amendment #215 to H.R. 7617.

Sincerely,



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