NATIONAL ASSOCIATION OF Manufacturers

THE SPIRIT OF ENTERPRISE · U.S. CHAMBER OF COMMERCE

PROXY ADVISORY FIRMS POSE A THREAT TO AMERICANS' RETIREMENT SAVINGS

An open letter on behalf of America's workers and retirees:

Americans who invest in the stock market for their retirement, to boost their savings, or to send a child to college are being harmed by a little-known player in the financial markets: **proxy advisory firms.**

Proxy advisory firms make recommendations and often automatically cast votes in corporate elections and important company decisions. But proxy advisory firms operate without transparency, have rampant conflicts of interest, and are prone to making errors that ultimately can impair decision-making and harm investors.

Even worse, proxy advisory firms have advocated for politically motivated policies that actually reduce shareholder returns, which means less money for hardworking Americans.

Dealing with proxy advisory firms is a major disincentive to becoming a public company, which could reduce investment options available to Main Street. Over the last two decades, the number of public companies in the U.S. has dropped by half. Fewer public companies means fewer investment opportunities for Main Street investors who depend on healthy capital markets to help families save, especially for retirement.

Proxy advisory firms have taken advantage of a broken regulatory system for far too long. **It's time for reform.**

The Securities and Exchange Commission will hold a roundtable this week to discuss solutions to the proxy firm problem that can protect shareholders and encourage more companies to go public. This is a welcome first step.

As representatives of millions of businesses that employ tens of millions of Americans, we urge Washington to safeguard Main Street investors' savings and promote economic growth by making targeted reforms to the proxy advisory system.

Sincerely,

Thomas J. Donohue
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