



September 29, 2015

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

The Corporate Governance Coalition for Investor Value (“the Coalition”) has been formed to provide a forum for the discussion of issues of common interest among its members to advocate for strong corporate governance policies and the federal securities laws. Coalition members represent American businesses of all sizes, from every industry sector and geographic region. These businesses produce the goods and services that drive the American economy, employing and creating opportunities for millions of Americans and serving the thousands of communities nationwide in which they operate. The Coalition believes that strong corporate governance policies are important to provide investors with appropriate returns, in turn providing businesses with the capital needed to grow and operate.

The Coalition supports the passage of H.R. 414, the “Burdensome Data Collection Relief Act,” which would repeal the pay ratio disclosure mandate required by Section 953 (b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).

This provision of the Dodd-Frank Act requires companies to disclose a ratio between the pay of the CEO to the median pay of all employees world-wide. The pay ratio has scant support from investors; it fails to provide comparable data for investors to make decisions and will cost companies and their investors \$1.3 billion to implement and over \$500 million annually to comply with. Unfortunately, the Securities and Exchange Commission’s final rule to implement the pay ratio provision did little to mitigate the most significant burdens of collecting and calculating the information necessary to comply with the pay ratio requirement.

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This provision may also run afoul of the first amendment, as recent court decisions have held that corporate disclosures designed to shame a company or force the disclosure of inaccurate information violate constitutional protections of free speech.

It should also be noted that on average 93% of shareholders have rejected shareholder resolutions seeking a pay ratio disclosure in 15 votes since 2010.

Accordingly, the Coalition strongly supports the passage of H.R. 414 and asks that it be sent to the House floor as expeditiously as possible.

Sincerely,

Center On Executive Compensation
National Association of Manufacturers
U.S. Chamber of Commerce