

July 12, 2023

The Honorable Bill Huizenga
Chairman
House Financial Services Committee
Subcommittee on Oversight and
Investigations
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Ann Wagner
Chairwoman
House Financial Services Committee
Subcommittee on Capital Markets
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Al Green
Ranking Minority Member
House Financial Services Committee
Subcommittee on Oversight and
Investigations
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Brad Sherman
Ranking Minority Member
House Financial Services Committee
Subcommittee on Capital Markets
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Huizenga, Chairwoman Wagner, Ranking Member Green and Ranking Member Sherman:

On behalf of the more than 200 CEO members of Business Roundtable, who lead U.S.-based companies that support one in four American jobs and almost a quarter of U.S. GDP, I want to thank you for scheduling the July 13 hearings on “Oversight of the Proxy Advisory Industry” and “Reforming the Proxy Process to Safeguard Investor Interests.”

Business Roundtable has long been concerned about the outsized influence proxy advisory firms wield in the shareholder voting process. Fair, orderly and efficient U.S. capital markets depend on the provision of accurate, reliable and useful information to shareholders and investors. Some proxy advisory firms, however, have a track record of providing misleading and incomplete information to shareholders. Indeed, a survey of Business Roundtable CEOs found that 95% of respondents identified factual errors in proxy advisory reports about their companies.

The recommendations of proxy advisory firms often dictate the outcome of shareholder votes, and with them, some of the most important decisions facing public companies. Yet, proxy advisory firms are subject to little oversight or accountability.

Business Roundtable strongly supported the proxy advisory transparency and accountability reforms adopted by the SEC in 2020. Those reforms would have helped improve the accuracy of information informing proxy vote recommendations.

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Business Roundtable was extremely disappointed when the SEC, under its current Chair, rolled back those reforms before they were allowed to take effect, and we have challenged the SEC in court. The SEC's decision to prevent these modest, commonsense reforms from taking effect makes it more difficult for investors to differentiate fact from fiction when considering critical proposals.

Business Roundtable also supported reforms to Rule 14a-8, the shareholder proposal process, that were adopted in 2020 following a thoughtful rulemaking process. Unfortunately, these needed reforms were largely undercut by reversals of multiple SEC staff positions and would be further weakened by the SEC proposal issued on July 13, 2022, to further amend Rule 14a-8.

We are so pleased that you are providing vital oversight of the SEC, safeguarding the fairness and reliability of U.S. capital markets, and standing up for the rights and interests of shareholders. Your hearings will be important milestones in the effort to improve the accuracy and usefulness of information furnished to investors.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristen Silverberg", with a stylized, cursive script.

Kristen Silverberg
President & COO
Business Roundtable