September 25, 2019

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Subject: Roundtable on the Proxy Voting Process, SEC File No. 4-725

Dear Ms. Countryman:

The undersigned officers of NIRI DFW, the North Texas Chapter of the National Investor Relations Institute (NIRI) hereby write to you in response to the Commission’s Roundtable on Proxy Voting Process on November 15, 2018.

The members of NIRI DFW are investor relations officers and counselors who advise issuers whose companies are listed on Nasdaq and the New York Stock Exchange. These [##] companies represent a combined market capitalization of [$XXX.XXX million].

Investor relations practitioners, together with the corporate governance professionals at their companies, play a vital role in communicating with institutional and retail investors on corporate governance and proxy voting matters. This role is especially critical when a company needs to engage quickly with shareholders during a proxy contest or a “vote no” campaign, or after receiving a negative proxy advisor recommendation on an equity incentive plan, during a Say-on-Pay vote or myriad other shareholder proposals.

We join our parent organization, the National Investor Relations Institute;[[1]](#footnote-1) more than 318 issuers[[2]](#footnote-2) around the country; and a broad coalition of corporate organizations, including the Shareholder Communications Coalition, the U.S. Chamber of Commerce, the Society for Corporate Governance, the Business Roundtable, and the National Association of Manufacturers, in urging the Commission to exercise greater oversight over proxy advisors and to adopt other reforms to modernize the proxy voting process.

Proxy Advisory Firms: The SEC should add additional conditions to the current regulatory exemption for proxy advisory firms to address three critical problems with their current business practices:

* **Accuracy**: The SEC should require proxy advisory firms to provide ALL public companies, regardless of their market capitalization, a reasonable opportunity (i.e., at least three business days) to review draft proxy reports before those reports are finalized and distributed to investors. The proxy firms should be required to promptly correct any factual error or misunderstanding in a proxy report that is identified by a public company. The proxy firms should also disclose when comments have been received from a company on the front page of a report about that company, with a hyperlink provided for investors to access such comments. Given the growing prevalence of “robo-voting” by proxy firm clients, the ability of issuers to identify and correct errors is crucial for accuracy and accountability.
* **Transparency of Proxy Voting Policies**: Proxy advisors currently play a critical role in the development of de facto market rules through their benchmark voting policies. The SEC should require public transparency, including a formal public comment period, when a proxy advisory firm intends to change its voting policies from one proxy season to the next and ensure that companies have the ability to determine whether they can satisfy those new policies. Proxy advisory firms should not be allowed to condition their voting recommendations on opaque rules, which require paid consulting services to interpret.
* **Conflicts of Interest**: The SEC should require the public disclosure of potential conflicts of interest at proxy advisory firms so that investors are better informed when they make proxy voting decisions. Specific conflicts should be disclosed on the front page of proxy advisor reports. During contested situations, proxy reports are often shared with the news media or other investors, so it’s critical that all reports include detailed information on conflicts.

Shareholder Proposals: The SEC should update the Rule 14a-8 shareholder proposal process so that it includes more reasonable standards for the resubmission of resolutions and is oriented toward creating long-term value for all shareholders. We support the reasonable standards for resubmissions that were proposed by the SEC in 1997, which would have required 6 percent support for the first resubmission, 15 percent for the second, and 30 percent for the third.

Shareholder Communications: The SEC should focus on streamlining shareholder communication to enable companies to directly and cost-effectively communicate with their shareholders. The Commission should repeal the OBO-NOBO rule, which inhibits the ability of companies to communicate with the majority of investors who are not registered shareholders.

Thank you for reviewing our submission.

Sincerely,

Glen Orr, President NIRI DFW

Hala Elsherbini, Vice President of Advocacy, NIRI DFW

cc: Commissioner Elad L. Roisman

1. See NIRI Letter re Roundtable on the Proxy Voting Process, SEC File No. 4-725, April 30, 2019, available at: <https://www.sec.gov/comments/4-725/4725-5436094-184708.pdf>. [↑](#footnote-ref-1)
2. See Nasdaq Letter re Roundtable on the Proxy Voting Process, SEC File No. 4-725, February 4, 2019, available at: <https://www.sec.gov/comments/4-725/4725-4872519-177389.pdf>. [↑](#footnote-ref-2)