



December 19, 2017

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

The Corporate Governance Coalition for Investor Value strongly supports H.R. 4015, the “Corporate Governance Reform and Transparency Act of 2017,” which would bring much-needed sunlight and accountability to the proxy advisory firm industry, which holds enormous influence over corporate governance in the United States.

While the development and dispensation of proxy advice is an important function of the nation’s capital markets, the proxy advisory firm industry today remains in dire need of reform. Two firms – Institutional Shareholder Services and Glass-Lewis - control roughly 97% of the market yet operate with a startling lack of transparency and serious conflicts of interest. In 2014, staff of the Securities and Exchange Commission issued guidance intended to address concerns that had been raised over the years, however it has become clear that more needs to be done.

H.R. 4015 is a logical next step to the 2014 guidance and would address many of the fundamental problems that still exist within the proxy advisory firm industry. For example, firms would have to disclose their conflicts of interest, public companies would be granted the opportunity to respond to flaws or errors in voting recommendations, and proxy advisors would be required to demonstrate their expertise and capability to produce informed and objective voting recommendations. These reforms are long overdue and would help foster accountability on behalf of proxy advisory firms and promote greater competition in our capital markets.

The Coalition supports H.R. 4015, and urges the House to pass this legislation as expeditiously as possible.

Sincerely,

American Fuel & Petrochemical Manufacturers
American Petroleum Institute
Biotechnology Innovation Organization

The Center On Executive Compensation
Equity Dealers of America
National Association of Manufacturers
National Association of Real Estate Investment Trusts
National Investor Relations Institute
Property Casualty Insurers Association of America
Retail Industry Leaders Association
TechNet
U.S. Chamber of Commerce