



Dear Chairman Clayton and Commissioners Jackson, Lee, Peirce and Roisman,

U.S. PIRG is writing today to urge you to not move forward with the rulemaking proposal "Procedural Requirements and Resubmission Thresholds Under Exchange Act Rule 14a-8" (File Number S7-23-19).

As the federal agency tasked with protecting American investors, the SEC should be encouraging a robust system of checks and balances between the owners of corporate wealth and companies' management, not shutting down the main path for providing shareholder input. By raising the ownership and resubmission thresholds for investors filing shareholder proposals at their companies, the SEC would make it significantly harder for investors to hold corporate CEOs accountable for not acting in investors' best interests

The shareholder proposal process is critical for investors to protect their interests. For example, consider the issue of corporate political spending. The Supreme Court's 2010 *Citizens United* decision allowed CEOs to spend investor money on politics. That spending, ostensibly intended to benefit the regulatory atmosphere around the company, also presents significant risk to the value of the company. In 2010, Target Corporation faced a boycott based on their decision to donate \$150,000 to a candidate who opposed same-sex marriage.

Not surprisingly, since the early 2010s, shareholders have filed hundreds of proposals at major corporations asking for disclosure of their political spending. Those proposals are among the most popular filed every year and have resulted in [more than 300](#) corporations disclosing some or all of their political spending.

These proposals started as lesser known issues but over time, as investors have learned more about them, they grew to garner significant shareholder support. Under the proposed new rules, emerging issues like political spending might never get their chance to gain momentum and investors would have no recourse for holding the corporation that they own, accountable.

These shareholder proposals are neither frequent, on average, only 13 percent of Russell 3000 companies received a shareholder proposal in any one year between 2004 and 2017, nor [costly](#).

American investors and the public deserve more accountability from corporate CEOs, not less. The SEC should be facilitating shareholder rights, not undermining them. This new set of rules should not be advanced.

Thank you for considering this comment.

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