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October 27, 2021

The Honorable Gary Gensler
Chair
U.S. Securities and
Exchange Commission
Washington, DC 20549

Re: “Universal” Proxy Card

Dear Chair Gensler:

We write in response to recent news reports that the Commission is again considering rulemaking regarding the use of a so-called “universal” proxy card, and that a draft rule proposal is now circulating among the SEC’s five commissioners. As the Chamber has previously commented to the Commission, we believe the concept of a universal proxy card is deeply flawed. It would ultimately disadvantage Main Street investors by encouraging special-interest groups to conduct highly disruptive proxy fights.¹

The Chamber is particularly concerned that the Commission would now choose to address the narrow topic of proxy cards while so many other key issues in the proxy distribution and voting process remain open. As you know, the Commission catalogued and described these issues in its thoughtful 2010 “proxy plumbing” concept release.² The concept release identified a litany of topics well-deserving of further consideration, including the role in proxy voting of intermediaries such as proxy advisory firms, the accuracy and transparency of the voting process, investor communication methods, and the relationship between voting power and economic interest.

The Chamber has commented extensively on the concept release and in other fora to propose solutions to improve the proxy voting process. Technological tools, such as client directed voting, can assist retail shareholders, who vote at alarmingly low levels, to more easily engage in the proxy process. Unfortunately, these issues have languished for more than a decade.

The passage of time and development of still newer technologies has only served to heighten the importance of a holistic approach to proxy voting. Indeed, the controversial

¹ Our comment letters to the SEC from 2021 and 2017 are available at <https://www.sec.gov/comments/s7-24-16/s72416-8888029-240839.pdf>.

² Release No. 34-62495, *Concept Release on the U.S. Proxy System* (Jul. 14, 2010), available at <https://www.sec.gov/rules/concept/2010/34-62495fr.pdf>.

decision not to enforce the Commission's newly adopted rules regarding proxy advisors and shareholder proposals further muddies the proxy-voting waters. Pursuing a rule on universal proxy cards, while so many other imperatives in the proxy ecosystem remain unresolved, places the proverbial cart before the horse.

Rather than addressing the mechanics of proxy voting in a fragmented and piecemeal fashion, we urge the Commission to stand down from any further action on proxy cards. The Commission should revisit the broader systemic issues surrounding U.S. proxy voting methodically and comprehensively. We stand ready to assist you in this process.

Sincerely,

A handwritten signature in black ink, appearing to read 'TK' with a long, sweeping horizontal stroke extending to the right.

Tom Quadman
Executive Vice President
Center for Capital Markets Competitiveness
U.S. Chamber of Commerce