PUBLIC SUBMISSION

Received: September 30, 2020
Tracking No. 1k4-9j94-9g8j
Comments Due: October 05, 2020
Submission Type: API

Docket: EBSA-2020-0008
Fiduciary Duties Regarding Proxy Voting and Shareholder Rights

Comment On: EBSA-2020-0008-0001
Fiduciary Duties Regarding Proxy Voting and Shareholder Rights

Document: EBSA-2020-0008-DRAFT-0086
Comment 0072 Wilkes 09302020

Submitter Information

Name: Pat Wilkes

General Comment

Thank you for proposing this Rule. ERISA fund managers have a duty to maximize the value of the funds they manage. If they expend pension fund resources to evaluate shareholder proposals that have little effect on the value of the fund, they violate their duties.

Under the proposed rule, pension-fund managers would not be permitted to vote on shareholder proposals unless they had determined that the issue to be voted on was of value to the pension fund, i.e., that the passage or defeat of the proposal is likely to have an effect on the value of the shares to the pension fund. Additionally, the managers would have to conclude that the pension funds holding in the company were large enough to make it likely that voting the shares would have a meaningful effect on the result of the vote.

Before this rule proposal, proxy advisors have had no particular obligation to provide the reasoning for their recommendations. Under this rule, they would have to justify their conclusions with evidence, and also have to weigh the evidence that works against their proposal and explain why they find that evidence insufficiently persuasive. This will add an important element of transparency and accountability to what has always been a somewhat hidden-and in recent years increasingly inappropriately biased--process.

I urge you to implement the proposed Rule as soon as possible to protect pension fund shareholders.