

**Congress of the United States**  
**Washington, DC 20515**

June 14, 2021

The Honorable Gary Gensler  
Chair  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Chair Gensler:

We write to express our concerns regarding your June 1, 2021 announcement directing staff to review and consider revisiting the updated rules governing proxy voting advice firms.<sup>1</sup> We are also concerned by the Division of Corporation Finance's decision, at your direction, to decline to enforce these rules.<sup>2</sup> We continue to support the recent improvements to proxy advisory firm rules because they bring needed transparency and accountability to this influential and highly concentrated industry. Accordingly, we strongly encourage you to reconsider your decision.

As you are aware, the Securities and Exchange Commission (SEC) adopted the most recent amendments less than one year ago. The process for drafting, soliciting feedback, and adopting these changes took place over years and followed a formal and transparent rulemaking process. Further, full implementation is still months away; the actual impact of these rules remains to be seen. As Commissioners Peirce and Roisman noted, "[w]e find it difficult... to imagine what has changed in the roughly ten months since the Commission last considered this issue that would call into question such recently adopted requirements."<sup>3</sup> Likewise, we fail to see any justification for abruptly declining to enforce these rules.

One of the SEC's core responsibilities is to protect investors. In order to fulfill this responsibility, the Commission must work to ensure investors have access to reliable and transparent advice, free from hidden conflicts of interest. Given the well-known conflicts in the proxy advisory industry and the outsized impact of the largest proxy advisor firms, we believe the Commission must approach this issue in a thoughtful manner and respect established rulemaking principles. Failing to do so will hurt American investors and damage our markets.

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<sup>1</sup> Securities and Exchange Commission, Chair Gary Gensler, "[Statement on the application of the proxy rules to proxy voting advice](#)"

<sup>2</sup> Securities and Exchange Commission, Division of Corporation Finance, "[Statement on Compliance with the Commission's 2019 Interpretation and Guidance Regarding the Applicability of the Proxy Rules to Proxy Voting Advice and Amended Rules 14a-1\(1\), 14a-2\(b\), 14a-9](#)"

<sup>3</sup> Securities and Exchange Commission, Commissioners Hester Peirce and Elad Roisman, "[Response to Chair Gensler's and the Division of Corporation Finance's Statements Regarding the Application of the Proxy Rules to Proxy Voting Advice](#)"

Given these concerns, we urge you to resume application of the Commission's regulatory actions regarding proxy advisors and reconsider your June 1 announcement directing staff to consider those actions. We stand ready to work with you on this important issue.



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**Bryan Steil**  
Member of Congress



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**Bill Huizenga**  
Ranking Member, Subcommittee on Investor  
Protection, Entrepreneurship, and Capital  
Markets

**CC: Commissioners Hester Peirce, Elad Roisman, Allison Herren Lee, and Caroline Crenshaw**