



Seattle City Employees' Retirement System

VIA E-MAIL: rule-comments@sec.gov

January 31, 2020

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**RE: Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice
(File No. S7-22-19)**

**RE: Procedural Requirements and Resubmission Thresholds under Exchange Act
Rule 14a-8 (File No. S7-23-19)**

Dear Ms. Countryman:

I am writing to express the Seattle City Employees' Retirement System's (SCERS) adamant opposition to the SEC's proposed rules titled "Amendments to Exemptions from the Proxy Rules for Proxy Voting (File No. S7-22-19)" and "Procedural Requirements and Resubmission Thresholds under Exchange (File No. S7-23-19)." These proposed rules fly in the face of the SEC's mission by harming investors rather than protecting them. We urge the SEC to abandon this dubious effort and spend its valuable time on the genuine needs of investors and the capital markets.

By way of background, SCERS is responsible for delivering the retirement benefits that our more than 18,000 members earned while serving the public as City of Seattle employees. We steward over \$3 billion in assets for this sole purpose. In doing so, SCERS is experienced in the topics covered by the proposed rules. We vote our proxies with the assistance of a proxy advisory firm and have co-filed shareholder resolutions. While it goes without saying, all of these efforts are focused exclusively on improving financial performance in accordance with the fiduciary duties owed to our members.

Our direct experience and our understanding of well-regarded research illustrates the baselessness of these proposed rules. They seek to address issues that are not there with so-called corrective actions that only exacerbate these purported issues. It is no surprise that investors are not the ones seeking these changes, but rather its support comes from the C-suite (including their impersonation of real-life investors) who wants nothing more than to further insulate themselves from accountability and ride roughshod over the long-term interests of shareholders and other stakeholders.

These proposed rules hurt investors and offer nothing of value in return. The proxy advisor proposed rule would materially increase the monetary costs and time burdens borne by investors, reduce the quality and integrity of proxy advice and restrict investor choice by further limiting the pool of proxy

Seattle City Employees' Retirement System, Jeffrey S. Davis, Executive Director

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advisory firms. The SEC claims that investors will benefit from enhanced disclosure of conflicts and improved accuracy but fails to demonstrate the insufficiency of existing disclosures or the regularity of factual errors. The proxy advisor proposed rule would also represent an unprecedented, absurd and excessively paternalistic intervention into the interactions between a client with its advisor, requiring that the advisor provide their company-specific assessment to that same company for review and rebuttal before it is shared with their fee-paying client.

We have grave concerns with the shareholder resolution proposed rule as well. The shareholder resolution process has benefitted and continues to benefit all shareholders – not just those who sponsor resolutions themselves – since it was put in place several generations ago. This is because the shareholder proposal process has fostered many of the corporate governance best practices that exist today, including annual director elections, majority vote rules and shareholder approval of poison pills. It would be an incredible disservice to future shareholders to miss out on the emerging best practices that the next generation of shareholder resolutions will bring about just because their balance is small, or some voting pattern technicality has been tripped.

We again urge the SEC to withdraw these proposed rules and reorient its efforts to the urgent needs of investors and the capital markets. If the SEC wishes to proceed regardless, then we would guide it to the well-researched and thorough comment letters from the Council of Institutional Investors, of which SCERS is a member, as well as the investor letters coordinated by the PRI and Ceres Investor Network on Climate Risk and Sustainability, which SCERS has signed.

If you wish to discuss our perspective on these proposed rules, then please contact Jill Johnson ([REDACTED]). Thank you for your consideration.

Sincerely,



Jeffrey S. Davis
Executive Director



Jason Malinowski
Chief Investment Officer

CC: The Honorable Jay Clayton, Chairman
The Honorable Robert J. Jackson, Jr., Commissioner
The Honorable Allison Herren Lee, Commissioner
The Honorable Hester M. Peirce, Commissioner
The Honorable Elad L. Reisman, Commissioner