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Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Submitted via electronic filing: https://www.regulations.gov

Re: Fiduciary Duties Regarding Proxy Voting and Shareholder Rights (RIN 1210-AB91)

Dear Sir or Madam:

CFA Institute,[1] the world's largest association of investment professionals, respectfully submits this comment letter to the U.S. Department of Labor (the "Department") in response to its recently published notice of proposed rulemaking: Fiduciary Duties Regarding Proxy Voting and Shareholder Rights (the "Proposal").[2]

CFA Institute is a global, not-for-profit professional association with more than 80,000 U.S.-based investment analysts, advisers, portfolio managers, and other investment professionals affiliated with our 67 CFA local societies in the United States. CFA Institute speaks on behalf of its members and advocates for investor protection and market integrity before standard setters, regulatory authorities, and legislative bodies worldwide. We focus on issues affecting the profession of financial analysis and investment management, education and competencies for investment professionals, and on issues of fairness, transparency, and accountability of global financial markets.

EXECUTIVE SUMMARY

CFA Institute appreciates the Department's long-standing position that the fiduciary act of plan asset management extends to the voting of proxies appurtenant to the plan's shares of stock, as set forth in the Avon Letter in 1988. We agree that proxy voting is a fundamental shareowner right, a source of value to shareowners, a critical element of issuer-shareowner engagement, and therefore a responsibility appropriately subject to ERISA's core fiduciary duties of loyalty and

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[1] CFA Institute membership includes more than 185,400 investment analysts, advisers, portfolio managers, and other investment professionals in 163 countries, of whom more than 178,500 hold the Chartered Financial Analyst® (CFA®) designation. CFA Institute membership also includes 160 member societies in 77 countries and territories.

[2] Department of Labor, *Fiduciary Duties Regarding Proxy Voting and Shareholder Rights*, 85 FR 55219 (September 4, 2020), at https://www.govinfo.gov/content/pkg/FR-2020-09-04/pdf/2020-19472.pdf

care. We support the Department's view that a fiduciary's exercise of shareowner rights, including voting rights, must be performed prudently and solely for the economic benefit of plan participants and beneficiaries. Further, we appreciate the Department's clarification – which in our view is unnecessary – that a fiduciary's prudent determination to abstain from voting proxies does not automatically constitute a fiduciary breach. These views are consistent with the CFA Institute Code of Ethics and Standards of Professional Conduct[3] ("Code and Standards") and the CFA Institute Corporate Governance Manual.[4]

Unfortunately, we believe the Proposal, as written, prescribes a far-reaching, burdensome, and costly approach to proxy voting and shareowner engagement that undermines the fiduciary duty obligations under ERISA. We believe the increased compliance burdens and costs associated with individual proxy-vote analysis are so substantial that they will curtail an ERISA fiduciary's ability to make informed proxy-voting decisions. Further, they may altogether deter engagement and proxy voting, resulting in significant due diligence omissions and thereby raising investment risks and lowering returns for beneficiaries. We reiterate[5] that the Department appears to have a fundamental misunderstanding of the value of and way in which plan fiduciaries employ material environmental and social factors and considerations. As a result, the Department is mistakenly discouraging plan fiduciaries from incorporating such considerations in their investment, engagement, and proxy-voting decisions.

Further, we are concerned about the disruptions the Department is creating for a market-driven, cost-efficient and functioning system with its policy prescription that we see as counterproductive. The Proposal appears to be driven by a misguided belief that there is "mixed evidence on effectiveness of shareholder voting,"[6] a conclusion contradicted by the cumulative advances that shareowner engagement has brought to corporate governance of U.S. public companies. We strongly oppose the safe harbor afforded under "permitted practices" to those voting with management, which adopts a misguided view that outsourcing one's fiduciary obligations to management is the best means of enhancing value for beneficiaries. Ultimately, the Proposal places ERISA fiduciaries under a needlessly complex compliance framework that risks a breach of fiduciary duty and the potential loss of long-term financial returns for beneficiaries.

CFA Institute urges the Department to engage with industry stakeholders, including plan sponsors, investment managers, and proxy advisors before proceeding to a final rule to better

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[3] CFA Institute Code of Ethics and Standards of Professional Conduct: https://www.cfainstitute.org/en/ethics-standards/ethics/code-of-ethics-standards-of-conduct-guidance; Also see Proxy Voting Policies under CFA Institute Standards of Practice Handbook Eleventh Edition (2014): https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/standards-practice-handbook-11th-ed-eff-July-2014-corr-sept-2014.ashx

[4] CFA Institute Corporate Governance Manual: https://www.cfainstitute.org/en/advocacy/policy-positions/corporate-governance-of-listed-companies-3rd-edition.

[5] CFA Institute Comment Letter on *Financial Factors in Selecting Plan Investments* (July 30, 2020), at https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/public-comments/1210-AB95/00620.pdf

[6] 85 Fed. Reg. at 55,222.

understand the proxy-voting system in its totality. CFA Institute would support a Department's call for a Request for Information ("RFI") and a scheduling of stakeholder roundtables. We believe further engagement with industry and data collection regarding the costs and time associated with proxy voting would go a long way to improving the Proposal's underlying cost-benefit analysis. Absent significant improvements to the Proposal based upon industry input, we do not believe it is advisable for the Department to proceed.

I. Integrity of Rulemaking Process and Importance of Smart Regulation.

A. CFA Institute requests a regulatory timeline befitting of Proposal significance.

CFA Institutes believes a 30-day comment period is unreasonably short. We also believe that a public hearing would have been appropriate and beneficial to all stakeholders and the Department, given the Department's long history of interpretative guidance concerning fiduciary duties of ERISA plans and the fact that the matter has risen to the level of a "major"[7] rulemaking rather than guidance, which has been the recent Department pattern.[8]

Additionally, should the Department proceed to final rule, we recommend that it adopt a transition period such that plan fiduciaries have sufficient time[9] to establish policies and procedures to meet obligations under the final rule and make any hiring decisions necessary to comply with the new research and recordkeeping requirements.

B. CFA Institute requests the Department gather additional data and background to inform basis for rulemaking before proceeding to final rule.

We agree with the Department that there have been significant changes in the investment landscape since the Department first spoke formally on this matter. Prior Department guidance, however, including Field Assistance Bulletin No. 2018-01 ("FAB 2018-01") and Interpretive Bulletin 2016-01 ("IB 16-01"), have provided adequate flexibility and clarity such that the system continues to function well. The Department has presented no compelling evidence that there is a problem, much less that the problem requires a regulatory solution.

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[7] We note the Proposal includes a 30-day effective period after publication in the Federal Register, but the Congressional Review Act states a "major rule" shall take effect no earlier than 60 days after the final rule is published in the Federal Register. 5 USC § 801(a)(3)(A).

[8] We note the Department would be fulfilling its obligations under the Administrative Procedures Act, which states that matters of "great importance, or those where the public submission of facts will be either useful to the agency or a protection to the public, should naturally be accorded more elaborate public procedures." Administrative Procedure Act: Legislative History, S. Doc. No. 248, at 259 (1946).

[9] Relatedly, we note that the Securities and Exchange Commission (SEC) recently finalized its amendments to Rule 14a-8, the shareowner proposal rule, setting the following transition period: "The amendments will be effective 60 days after publication in the Federal Register, and the final amendments will apply to any proposal submitted for an annual or special meeting to be held on or after January 1, 2022." *Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8*, Rel. No. 34-89964 (Sep. 23, 2020), at https://www.sec.gov/rules/final/2020/34-89964.pdf

For example, the Department expresses concern that some plans "expend their assets unnecessarily on matters not economically relevant to the plan."[10] Yet it presents no evidence of plans deploying excessive resources, of fiduciary non-compliance, or of ERISA fiduciaries not understanding their obligations under Section 404 of ERISA. In fact, the Department has previously stated that in "most cases" shareholder engagement and proxy voting "[do] not involve a significant expenditure of funds by individual plan investors."[11]

Moreover, the Department acknowledges it "lacks complete data on plans' exercise of their shareholder rights…including proxy voting activities…[and] attendant costs and benefits;" it also notes it "does not have supporting data for some key assumptions and estimates" for its regulatory impact analysis.[12] We see these data deficiencies as material to making such important policy decisions. It is for this reason that we believe the Department should not proceed with this rule without first gathering and analyzing this data. Once this data is available, we would be better able to assess whether the Proposal make sense from a business and investor perspective.

C. CFA Institute is concerned that the Proposal sets an inappropriate precedent of overly prescriptive and far-reaching regulation.

Over the years, the Department has wisely determined it is not its role to prescribe policy that intrudes on market forces or state corporate law. There is no reason for the Department to pick up that mantle now.

CFA Institute rejects the validity and appropriateness of the proposed rule to let a covered plan supplant its first-hand fiduciary duty on behalf of plan beneficiaries with the fiduciary duty of unaffiliated third-parties – in this case, management of portfolio companies – whose obligations are not congruent with ERISA's fiduciary requirements for plan administrators. Implementing this provision would, we believe, diffuse the veracity of the plan's fiduciary duty, while diminishing the protections ERISA has traditionally afforded plan beneficiaries.

Moreover, while this provision has the initial perception of deregulation, it is, in fact, a means of pushing plans to forego voting against management in order to avoid a new heavy-handed rule whose heavy paperwork burdens would significantly exceed the current costs of proxy voting, Ultimately, this would leave plans with two unappealing options. Either they must forego any attempt to improve the quality of governance of issuers whose securities constitute their primary asset portfolios and therefore any increase in returns such efforts have produced over time on behalf of beneficiaries.[13] Or, alternatively, they may seek to improve their returns by improving

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[10] 85 Fed. Reg. at 55,230.

[11] IB 16-01, 81 Fed. Reg. 95,879 (Dec. 29, 2016), at https://www.federalregister.gov/documents/2016/12/29/2016-31515/interpretive-bulletin- relating-to-the-exercise-of-shareholder-rights-and-written-statements-of

[12] 85 Fed. Reg. at 55,233.

[13] For an indication of the value derived from active proxy engagement, see "Proxy Access in the United States," published by CFA Institute in 2014, at http://www.cfainstitute.org/en/advocacy/policy-positions/proxy-access-in-the-united-states-revisiting-the-proposed-sec-rule. The report considers specifically the ability of investors to initiate proxy proposals, which is a key value derived from proxy voting. ("By and large, the results of these studies show that proxy access was received more positively than negatively by financial markets. When we extended study results to estimate potential implications for overall market

the governance of their portfolio companies, but spend significant amounts to fulfill the paperwork requirements imposed by the Proposal to justify such activities.

We believe that investment managers, much like the plan fiduciaries who hire the managers, should not be subject to the proposed degree of individual proxy vote analysis and documentation requirements. It is even more an unworkable proposition that investment managers be required to demonstrate economic benefit was based on the interests of plan beneficiaries. The Proposal appears to extend the same plan-specific analysis and documentation requirements to proxy advisory firms. The ultimate voting responsibility and the related obligations fall to the plan fiduciary, however, so this diversion of obligations to plan beneficiaries to proxy advisory firms is misdirected.[14]

Due to these aspects of the Proposal, we do not believe such regulation is consistent either with what is best for beneficiaries of retirement plans operating under ERISA, or consistent with regulatory policies that enhance the efficiency and profitability of business. Moreover, the justification imposed on active voting is not only likely to reduce returns for beneficiaries, regardless of whether plans actively vote their shares or take the permitted practice of turning over voting decisions to companies' managements. It also may have the consequence of disrupting the market for a supporting industry, namely the proxy advisory sector, which has enhanced proxy-voting efficiency for many plans and their millions of beneficiaries. We do not see either of these outcomes as functioning in accordance with proper public policy objectives.

CFA Institute is concerned that by suggesting that ERISA fiduciaries can rely on management's fiduciary duty, the Department would set an inappropriate precedent inconsistent with ERISA standards of care and loyalty. The Department would also encroach on state corporate law by impeding shareowner-voting rights, and inappropriately supplant market determinations of materiality with its own judgment by directing plan fiduciaries away from considering environmental and social factors.

In general, CFA Institute believes that any regulatory proposal must meet a basic two-part test of being necessary and good regulation. [15] We believe the Proposal meets neither test.

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capitalization, we estimated that proxy access had the potential to benefit overall market capitalization by as much as $140.3 billion, or 1.134% of the current US market capitalization.")

[14] The Proposal does not reflect a thorough understanding of the investor – proxy advisor relationship. We note that the Department restates concerns and criticisms about investment advisers and proxy advisory firms cited by the SEC in justifying recent regulatory reform. Investors and proxy advisory firms disputed and debunked many of these claims. CFA Institute did not support the SEC proposed rulemaking on *Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice*, Release No. 34- 87457 (Nov. 5, 2019). *See* CFA Institute comment letter (Feb. 3, 2020): http://www.cfainstitute.org/-/media/documents/comment-letter/2020-2024/20200203.ashx.

[15] We also note recent remarks by Commissioner Hester Peirce at the 7th Annual Conference on Financial Market Regulation (September 18, 2020), at https://www.sec.gov/news/speech/peirce-intellectual-siren-song-2020-09-18. ("Regulation is necessary…But less is very much more when it comes to the government deciding how free citizens may invest their money, plan for their and their families' futures, and enter into contracts with other free citizens. The regulator, and the intellectual who informs her, always should consider the cost of regulation, not only in terms of dollars and burden hours, but in terms of freedom denied.")

II. The Proposal: CFA Institute Views.

A. Individual cost-benefit analysis of proxy votes is unworkable, costly and unnecessary.

The Proposal requires that plan fiduciaries satisfy a six-factor list of considerations and recordkeeping requirements[16] when deciding whether and when to exercise shareowner rights, including proxy voting, in order to meet the prudence and exclusive purpose duties under ERISA section 404(a)(1)(A) and (B). If after considering the six factors *and* taking into account the costs involved, a fiduciary "prudently determines that the matter being voted upon would have an economic impact on the plan"[17] investment, then they must vote the proxy; conversely, if a fiduciary prudently determines the matter will *not* have an economic impact on the plan's investment, a fiduciary must *not vote* the proxy. The Department requires that plan fiduciaries perform such cost-benefit analysis for *each* proxy vote, a significant reversal of current market practices.

In our view, the Proposal raises the burden of proof for the decision to vote a proxy to an unreasonably high and unworkable standard. The Department states plan fiduciaries must be "prepared to articulate the anticipated economic benefit of proxy-vote decisions,"[18] but the Proposal is either vague in its definitions or effectively requires that plan fiduciaries be able to determine the *expected value* of a proxy vote *in advance* of a company vote. For example, the Proposal requires the determination of "economic impact" but it is unclear what supporting documentation will satisfy the Department's test. The Proposal suggests a fiduciary consider a wide range of range of costs, including "opportunity costs"[19] and the "indirect and direct"[20] costs to corporations in connection with being unable to achieve quorum. As part of the six-factor analysis, the Proposal *also* requires that a fiduciary consider the likely impact of a plan's percentage ownership of the issuer on the plan's investment performance. A plan fiduciary cannot reasonably, much less confidently, ascertain this "likely impact" in advance of a vote.

CFA Institutes believes the new mandate is not only significant and costly, it is an unnecessary departure from existing Department guidance. Prior guidance has served plan fiduciaries and their investment managers well by providing them with the flexibility to prudently and cost-efficiently make decisions appropriate for plan beneficiaries. Under IB 16-01, which the Department has withdrawn, such detailed economic analysis was required only "in some special cases" where voting proxies "may involve out of the ordinary costs or unusual requirements."[21] In contrast, by one estimate, the Proposal's research and documentation requirements would result in an "aggregate compliance burden to ERISA plan asset managers of some $13 billion a year" using the Department's own analytical assumptions.[22] The Department concedes that the

[16] 85 Fed. Reg. at 55,242
[17] 85 Fed. Reg. at 55,242.
[18] 85 Fed. Reg. at 55,224.
[19] 85 Fed. Reg. at 55,224.
[20] 85 Fed. Reg. at 55,226.
[21] IB 16-01 at 95,883.

[22] *See* Nichol Garzon, Blog, "Disenfranchising Shareholders and Reducing Corporate Accountability: Comments Due on DOL Proposal to Limit Shareholder Voting by October 5, 2020," Glass Lewis (Sept. 21, 2020), at

costs imposed under the Proposal are significant and seeks to alleviate the burden by introducing "permitted practices."

Significantly, the Proposal omits any discussion of other important considerations, such as when a fiduciary has voting authority over multiple ERISA plans that together account for a sizeable ownership interest or the effect on a plan's investment of multiple shareowners exercising their rights. We believe these considerations are material to investors and, in practice, are already weighed against the cost of voting shares by plan fiduciaries and investment managers.

Faced with an impossible standard tied to ERISA fiduciary obligations and a new cost-prohibitive process, we believe most fiduciaries will determine it is more prudent to not vote and/or to rely exclusively on the "permitted practices" than to spend plan assets on further research and risk violating the new ERISA standard.

B. Shareowner engagement and proxy voting are critical to properly functioning equity markets; material environmental and social considerations support these fiduciary duty obligations.

CFA Institute maintains that issuer-shareowner engagement, regardless of the mechanism used, is central to robust corporate governance and market integrity. Our Corporate Governance Manual accepts the basic principle that the "value of a financial security is determined not only by its claim on the company's future earnings but also by the rights associated with that security," including shareowner engagement and proxy voting.[23] We believe the Department's presentation of the value of shareowner engagement and proxy voting, however, fails to acknowledge this reality and may lead the public to mistakenly conclude that these are costly and largely useless exercises, which most investors, many board members, and past and present SEC officials believe is inaccurate.[24]

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https://www.glasslewis.com/disenfranchising-shareholders-and-reducing-corporate-accountability-comments- due-on-dol-proposal-to-limit-shareholder-voting-by-october-5-2020/

[23] CFA Institute Corporate Governance Manual: https://www.cfainstitute.org/en/advocacy/policy-positions/corporate-governance-of-listed-companies-3rd-edition

[24] *See, e.g.,* Council of Institutional Investors (CII), "Empirical Research on ESG Factors and Engaged Ownership: A Bibliography" (August 2020), at https://www.cii.org/files/publications/misc/09-24-20-Final-Bibliography.pdf.

See also SEC Chair Jay Clayton Remarks on "Governance and Transparency at the Commission and in Our Markets" (Nov. 8, 2017), at https://www.sec.gov/news/speech/speech-clayton-2017-11-08. ("Shareholder engagement is a hallmark of our markets, and our proxy rules – to use a highway analogy – provide a key lane for engagement, as well as much debated guardrails.")

See also SEC Com. Allison Lee "Statement on Shareholder Rights" (Nov. 5, 2019), at https://www.sec.gov/news/public-statement/statement-lee-2019-11-05-shareholder-rights. ("[The shareholder proposal] process has long provided a vital mechanism for shareholders to communicate their views to, and engage with, management. For decades, shareholders have succeeded in effecting significant improvements in corporate governance, including majority vote rules for the election of directors, staggered board terms, limits on poison pills that serve to entrench management, and increased adoption of proxy access bylaws. Shareholder proposals often highlight the need for important corporate reforms that are later adopted. This was the case, for example, with proposals requesting the expensing of stock options before this was required by GAAP.")

Further, the Department does not sufficiently consider how the growth of index investing has made proxy voting and shareowner engagement the primary levers for mitigating risk and improving long-term performance of a company. This important market development places even more emphasis on effective corporate governance and runs parallel to the growth in ESG integration and investment strategies. As our latest report on "Short-termism Revisited"[25] shows, this is not by coincidence: ESG is driving issuer-shareowner engagement around long-term issues. We believe this is a positive development and consistent with the Department's goal of maximizing long-term investment returns and ensuring retirement security. By increasing the regulatory burden, however, the Department would steer plan fiduciaries away from the potential financial benefits of ESG considerations and issuer engagement.

The Proposal stresses that environmental and social shareholder proposals "have little bearing on share value or other relation to plan interests."[26] Based on our members' experience and the available evidence, however, we believe the market has already concluded that certain ESG factors are material and are an integral consideration in projecting risk-adjusted returns. This consideration extends to all aspects of investment management, including shareowner engagement and proxy voting. We are concerned that the Department is seeking to limit some ideas from entering the free market of ideas because of a misunderstanding about what constitutes ESG considerations. We stressed our concerns about this perspective in our prior letter on ESG factors, and we reiterate those concerns by reference here.[27]

See also former SEC Chair Mary Jo White Keynote Address "Focusing the Lens of Disclosure to Set the Path Forward on Board Diversity, Non-GAAP, and Sustainability" (June 27, 2016), at https://www.sec.gov/news/speech/chair-white-icgn-speech.html. ("There are significant success stories resulting from [shareholder engagement] efforts and the private ordering by companies responding to shareholder views. Prominent examples include the near disappearance of staggered boards, majority vote standards becoming the norm across the S&P 1500, and the recent successes of proxy access proposals resulting in 35% of the S&P 500 adopting proxy access...")

See also former SEC Com. Luis Aguilar Remarks "Looking at Corporate Governance from the Investor's Perspective" (April 21, 2014), at https://www.sec.gov/news/speech/2014-spch042114laa.html. (describing "three fundamental principles that should drive the establishment of an effective corporate governance regime—accountability, transparency, and engagement.")

See also PwC Annual Corporate Directors Survey "Turning Crisis into Opportunity" (September 2020), at https://www.pwc.com/us/en/services/governance-insights-center/assets/pwc-2020-annual-corporate-directors-survey.pdf. ("Eighty- seven percent (87%) [of directors surveyed] think the [director involvement in shareholder] engagement has a positive impact on proxy voting, up from 59% in 2016. More than three-quarters (76%) also see a positive impact on investing decisions, up from just 63% four years ago. Companies that took shareholder engagement seriously over the past several years may be seeing those dividends now.")

[25] CFA Institute, "Short-termism Revisited: Improvements Made and Challenges in Investing for the Long-Term" (September 2020), at https://www.cfainstitute.org/en/advocacy/policy-positions/short-termism-revisited

[26] 85 Fed. Reg. at 55229.

[27] *See* CFA Institute Comment Letter on *Financial Factors in Selecting Plan Investments* (July 30, 2020), at https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/public-comments/1210-AB95/00620.pdf

C. “Permitted practices” set inappropriate precedent at odds with ERISA fiduciary duty.

Recognizing that a vote-by-vote analysis of the above six considerations would be “resource-intensive” and “may often burden fiduciaries out of proportion to any potential benefit to the plan,” the Department proposes that plan fiduciaries may develop and adopt proxy-voting policies, subject to fiduciary duties of prudence and loyalty, that follow one or more of the Department’s proposed permitted practices.[28] The Department notes that it “anticipates that most, if not all plans, will” adopt the practices and “derive savings” in doing so.[29] We believe these savings are largely phantom, as the Department has at once imposed the costs on plan fiduciaries and relieved them of the costs if they adopt permitted practices.

One permitted practice allows plan fiduciaries to adopt a “policy of voting proxies in accordance with voting recommendations of management” on proposals that the fiduciary has prudently determined are “unlikely to have a significant impact on the value of the plan’s investment.”[30] The Department justifies this permitted practice by citing that shareowners already overwhelmingly vote with management. This is true but not a valid reason to cement the tendency under a regulatory safe harbor. The Department further asserts that ERISA plans can rely on fiduciary duties that officers and directors owe to a corporation based on state corporate laws. We find this assertion troubling as the two fiduciary duties are not equivalent, nor interchangeable. Moreover, we believe the Proposal glosses over the many conflicts that management has and fails to acknowledge that shareowner engagement and proxy voting are a necessary check to management conflicts, making the permitted practice an inappropriate choice.

The Department also suggests a permitted practice of refraining from voting when the plan’s holding in a single issuer relative to the plan’s total investment assets is below a quantitative cap, and solicits comments on whether a five-percent cap is appropriate. The Department posits that such a cap could be a “straightforward way” to determine “materiality.”[31] CFA Institute believes this permitted practice is inappropriate for a number of reasons, including: (1) determining “materiality” based on percent ownership is inappropriate and unnecessarily precludes ERISA plans from fully exercising their rights as shareowners; (2) the satisfaction of a five-percent threshold would be difficult to achieve because ERISA plans owe a fiduciary duty to diversify their portfolios; (3) this practice would likely have the unintended effect of increasing the incidence of proxy voting at a few public companies relative to other public companies, a development that would reduce market integrity.

[28] 85 Fed. Reg. at 55,225.
[29] 85 Fed. Reg. at 55,232, 55,234.
[30] 85 Fed. Reg. at 55,242.
[31] 85 Fed. Reg. at 55,226.

CONCLUSION

For all of the above reasons, CFA Institute urges the Department to reconsider the proposed rule in its current form. We strongly believe that further study and robust engagement with industry will meaningfully improve the basis for any necessary rulemaking regarding proxy voting and shareholder rights to the benefit of ERISA plans and plan beneficiaries, corporate governance and stewardship practices, and market integrity.

We appreciate the Department's consideration of our views on this important matter. Should you have any questions, please do not hesitate to contact James C. Allen, CFA, at james.allen@cfainstitute.org, or Karina Karakulova, at karina.karakulova@cfainstitute.org.

Sincerely,

/s/ James C. Allen

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