April 24, 2017

Representative Maxine Waters
% Jason Powell
jason.powell@mail.house.gov

RE: **Letter from Nia Impact Advisors to Congressional Finance Services Committee re: Proposed Financial CHOICE Act**

Dear Representative Waters,

I am writing in response to the discussion draft legislation that the House Financial Services Committee will consider during the April 26 hearing on the Financial Choice Act. The bill contains legislative provisions (Section 844) effectively eliminating fundamental rights of investors to file shareholder proposals. As a committee member, I am asking your help to defend the rights of investors by opposing any attempt to modify or limit the Securities and Exchange Commission's shareholder proposal rule, SEC Rule 14a-8.

Nia Impact Advisors, LLC is a women owned and operated Registered Investment Adviser based in Oakland, California. We assist our clients in investing in alignment with their values. We are activist investors, investing in companies with diversity in leadership. We vote our proxies and actively engage with each of our companies encouraging them to diversify their boards of directors and management teams.

The effect of the proposed legislation, would be to eliminate effective power of minority shareholders to engage with companies and fellow investors on essential matters of corporate governance and risk management.

The proposed legislation would:

1 Alter the threshold for filing proposals so that only the very wealthiest investors could file proposals. To file a proposal one would be required to hold 1% of shares over a three year period. In contrast the longstanding current and well functioning rule allows shareholders holding $2,000 for one year. While updating this threshold to account for inflation could be reasonable, this proposal appears intent on essentially eliminating this fundamental shareholder right. Smaller shareholders would be cut out of this process entirely, even though they have been among the most important filers in the process. Depending on the size of the company, the holdings required by the proposed threshold would be in the millions or even billions of dollars, cutting out all but the largest shareholders from access to corporate democracy.

While the largest pension funds and mutual funds typically have little difficulty getting a hearing

with most companies, the shareholder proposal rule was created to support the ownership interests of all shareholders. The process gives us an essential tool to engage with boards and management on risk and governance concerns, and then if necessary, to spur debate among shareholders.

The quality of ideas in shareholder proposals, and their ultimate contribution to value, does not correlate with the size of the stock positions held by proponents. Experience shows that in the absence of the right to file a shareholder proposal, most shareholders may be ignored, and companies will act as if they are "too big to listen."

2 Alter the resubmission threshold for proposals. Current rules require that for a proposal to be resubmitted a subsequent year it must receive at least 3% support on its first year voted, 6% of the second, and 10% on the third. The proposal would raise these to 6%, 15%, and 30%, respectively. Yet support growing to 10% over 3 years is already proven to be a significant show of investor interest. For emerging issues and risks, the existing thresholds represent a significant growth in investor interest to merit continued discussion and disclosure on an issue.

In recent years, we have seen how directors and executives can become insular, engage in self-dealing or fraud, or simply fail to see risks and opportunities for profitability emerging outside of the board room. Ongoing deliberation and input from investors has been crucial to educating shareholders and boards over time and eventually arriving at effective governance and closer attention to social and environmental risks. These improve companies' financial performance.

3 Prohibit filing on behalf of another person. Currently it is common practice and well-functioning for investment advisors and issue experts to file proposals on behalf of Asset Owners. The legislation seeks to eliminate this traditional practice, undermining a right of state law to appoint an agent on one's behalf.

The shareholder proposal rule allows us to authorize our financial advisors and other issue experts to defend our interests by representing us in raising risk and governance issues and suggesting needed innovations and reforms at companies in our portfolio. Moreover, we count on the expertise of our advisors and experts to navigate the complex rules of the SEC. As asset owners, our right to file such proposals exists under state law. The provision to prevent "filing by proxy" apparently attempts to preempt this existing state law right, and is inappropriate. The proposed changes through the Financial Choice Act would eliminate our ability to do have our voice heard.

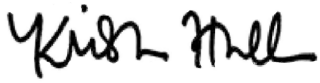
Please oppose these radical changes. The proposal process is working and does not need fixes.

The legislation would upset 70 years of SEC rulemaking and deliberations on this important and well-functioning corporate democracy process. This existing balance of rights and responsibilities in our investments supports a relationship of trust between capital providers and corporations. Stripping away shareholder rights as proposed by Chairman Hensarling would

undermine that relationship. If Congress proves willing to alter rights associated with share ownership, it could undermine investor confidence in the inviolate rights of share ownership and discourage capital investment.

I urge you to oppose section 844 in Chairman Hensarling's proposed Financial Choice Act discussion draft that attempts to limit shareholders' property rights.

Sincerely,



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