



Via Electronic Delivery

April 25, 2017

The Honorable Maxine Waters
U.S. House of Representatives
Financial Services Committee
2129 Rayburn House Office Building
Washington, DC 20515

Re: Section 844 of the Discussion Draft of the Financial CHOICE Act

Dear Jason:

[US SIF: The Forum for Sustainable and Responsible Investment](#)—the leading voice advancing sustainable, responsible and impact investing across all asset classes and representing 300+ members with more than \$3 trillion in assets under management or advisement—urges Representative Waters to oppose the changes to Rule 14a-8 of the Securities Exchange Act of 1934 (the “shareholder proposal rule”) detailed in Section 844 of the Discussion Draft of the Financial CHOICE Act of 2017. Our concerns with other aspects of the CHOICE Act will be detailed in follow-up correspondence. In the meantime, we would welcome the opportunity to meet to discuss this important topic.

For investors, the shareholder proposal rule is a vitally important, market-based mechanism for shareholders of all sizes to communicate with companies, directors and other shareholders. For decades now, the rule has been highly constructive in facilitating dialogue between shareholders and companies and providing market-driven insights on issues of deep interest to shareholders and the marketplace.

Section 844 of the CHOICE Act would eviscerate the shareholder proposal rule by increasing the requirements to file or re-submit a proposal. The proposed changes are excessive and inappropriate: Ownership requirements would skyrocket from \$2,000 worth of stock held for at least one year to 1 percent of the stock for at least three years. The change would require a Wells Fargo shareholder to own more than \$2.0 billion of stock to submit a proposal. Resubmission thresholds would at least double to 6 percent in year one (from 3 percent), 15 percent in year two (from 6 percent) and 30 percent in year three (from 10 percent).

These draconian changes would disenfranchise all but the very largest institutional investors and halt the extraordinary progress—including more independent and diverse boards, enhanced disclosure practices, and stronger investor rights and protections—that have resulted from the rule. Further information about the impacts of this change and the reasons for maintaining the current shareholder rule can be found in this [document](#) which US SIF has co-authored.

We encourage the House Financial Services Committee and Congress to focus its efforts on reforms to restore American trust in the capital markets. According to a Gallup poll (released April 20, 2016), 52 percent of Americans currently have money in the stock market—matching the lowest ownership rate in Gallup’s 19-year trend. The highest ownership rate—65 percent of Americans—was reported in 2007, just before the global financial crisis. Slashing the rights of investors will do nothing to rebuild confidence and trust in the US markets. Instead Section 844 of the deeply flawed CHOICE Act will only tarnish the reputation of the US markets.

Sincerely,

A handwritten signature in black ink that reads "Lisa N. Woll". The signature is written in a cursive, flowing style.

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