



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

January 23, 2020

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20540-1090

Via email: rule-comments@sec.gov

Re: File No. S7-23-19

Dear Secretary Countryman:

We are writing to provide input to the U.S. Securities and Exchange Commission (“SEC”) on the proposed Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8 (the “Proposed Rules”).

PIAC has been the national voice for Canadian private and public pension funds since 1977 in matters related to pension investment and governance. Senior investment professionals employed by PIAC’s member funds are responsible for the oversight and management of over \$2 trillion in assets on behalf of millions of Canadians. PIAC’s mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries. PIAC’s positions on public policy reflect the fiduciary framework in which member funds operate and its commitment to work in the best interests of plan members.

As owners of very large amounts of public equity we have an interest in the conditions for the submission of proposals by shareholders and welcome the opportunity to comment on these Proposed Rules. We address each of the main themes of the Proposed Rules in turn below.

Eligibility Thresholds

The Proposed Rules would increase the ownership threshold required to submit shareholder proposals and introduce a tiered eligibility structure. While we believe that reasonable controls are necessary to prevent frivolous shareholder proposals, increased eligibility thresholds may not be the best approach since proposals put forward by small shareholders may be just as valid as those proposed by larger shareholders. Proposals should not be excluded solely based on the size of the shareholding. Further, introducing a tiered approach based on the length of holding periods may not accurately capture an investor's economic stake, since how long a shareholder has held a position in the past is not necessarily indicative of how long they will continue to hold it in the future. We believe the current process of excluding unnecessary proposals via 14a-8 no-action requests is adequate.

Eligibility Thresholds for Resubmission of Substantially Similar Shareholder Proposals

There should not be increased thresholds for proposals that have been previously submitted but failed to receive majority shareholder support. The financial performance of the issuer, market conditions, and broader economic environments can all change in relatively short periods of time, meaning that a proposal that received little support in one year may be very relevant and much more likely to pass in the next year. The burden on issuers of having to respond to resubmitted proposals is not so great that it should justify the exclusion of those proposals. To preclude resubmission based on prior voting results could result in the exclusion not only of superfluous repeat proposals, but also of proposals that have become more important to the shareholders of a company.

Information and Documentation Requirements

We agree that it is reasonable to require that shareholders making proposals specify details of such proposals along with contact information and availability for discussion with companies. However, if shareholders must make themselves available to the companies, then there should be reciprocal obligations for companies to make themselves available to the submitting shareholder as well. Additionally, the Proposed Rules would not permit shareholders to provide only their representatives' availability and require that shareholders provide their own availability for discussions with the issuer. It is our belief that if a representative is properly authorized by a shareholder, that representative should be able to fully act on behalf of the shareholder, including engaging in discussions about proposals with a company.

Limitation of One Proposal Submission per Shareholder Meeting

It is reasonable to limit shareholders to one proposal per shareholders' meeting, which is the current maximum. The Proposed Rules would have the effect of limiting representatives of shareholders to one proposal per meeting as well, regardless of how

many shareholders are represented. It is very possible that a shareholder representative could validly act on behalf of multiple shareholders, and justifiably submit multiple proposals on behalf of different shareholders. Therefore, we suggest that this proposed limit is inappropriate and should not be implemented.

Conclusion

PIAC members, as large equity holders on behalf of their respective pensions, support the rights of shareholders to influence the companies they invest in. We are opposed to the Proposed Rules because they would have the effect of diminishing shareholder rights rather than enhancing them, and respectfully request that the Proposed Rules be withdrawn.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'S. Fréchet', with a long horizontal stroke extending to the left.

Simon Fréchet
Chair