Davis Polk

Gary Retelny Talks to Us as the Newly Appointed President of ISS

September 21, 2011 | Client Update | 4-minute read

MSCI, the parent company of ISS, recently announced that Gary Retelny, a member of MSCI's Executive Committee and its Corporate Secretary, has been appointed President of ISS. As ISS is clearly an influential force in corporate governance developments, we asked Mr. Retelny about his new position.

Davis Polk: What are your primary goals and expectations for ISS as we approach the 2012 proxy season?

Gary Retelny: With only a few days "on the job" as ISS' President, I still have a lot of listening and learning to do before I can articulate specific goals. I hope to meet frequently with all our constituencies and provide a variety of forums for meaningful dialogue and of course, debate. I can tell you generally though that as we look toward the 2012 proxy season, I will be working to ensure that ISS' policies and related research continue to be increasingly transparent, fair and impartial. I would note that we will soon be releasing the results of our 2011-2012 policy survey and in October will release draft policy updates and invite comments on the draft. I urge interested parties to participate in the comment process.

Additionally, I'm enthusiastic about ISS' potential growth prospects as both investors and companies demonstrate a need for a broader set of products and services to inform and support their decision-making. By accelerating our product development cycle, I am confident that we'll not only meet these needs but will become an engine for innovation and continued thought leadership in our field. ISS has been a market leader for more than 25 years – we intend to build upon an already strong foundation.

Davis Polk: How do you think your experience as corporate secretary of MSCI will affect your leadership of ISS?

Gary Retelny: As Corporate Secretary, I work very closely with our entire board of directors, various board committees and of course our chairman and lead director. I have worked closely with our board and the chairwoman of our Nominating & Corporate Governance Board Committee on our governance policies. I believe this has given me an opportunity to be exposed to and consider from a number of perspectives the kinds of governance issues confronting many boards today. It has helped make me sensitive to the challenges boards increasingly face. I also see firsthand the value that comes from constructive dialogue between companies and their constituencies, in particular shareholders.

I expect to leverage my experience as a corporate secretary to help ISS address complex corporate governance policy issues in a reasoned and practical way and to foster more effective ISS engagement with all market constituents.

Davis Polk: What do you think are the most important governance challenges facing U.S. public companies today?

Gary Retelny: That's a difficult question to answer specifically because every company is different. The logjam in Washington related to Dodd-Frank and the reversal on proxy access, make the regulatory waters difficult for all market constituents to navigate. Putting the regulatory landscape aside, I think that companies that foster dialogue among their directors, their management and their shareholders are in a better position to address governance challenges in a balanced and thoughtful way. Clearly, we want to continue to foster transparency and dialogue as key areas of focus.

Davis Polk: What advice do you have for U.S. public companies regarding their interest in communicating with ISS about its policies and recommendations?

Gary Retelny: First, I would encourage companies to participate in ISS' policy development process, which is quite transparent and inclusive of investors and issuers alike. There are a number of forums and client conferences that we host for communication. As mentioned above, the process is under way now and has an open comment period coming up in October. Second, I would encourage companies to engage with both their major shareholders and with ISS sooner rather than later when they know that there is going to be a contentious proxy issue. In some cases it also may be useful to have directors participate in this engagement. Finally, I would remind everyone that a difference of opinion over governance guidelines or practices does not equate to a wrong outcome. Remember that we offer our clients standard benchmark policies, specialty policies and completely custom policies, which can differ significantly from each other. In all cases, however, it is important that ISS understand a company's position on a governance issue and the rationale behind it. It is ISS' responsibility to provide informed analyses and vote recommendations to its institutional clients.

On a personal note, I expect also to be an active channel myself for dialogue and at times, for debate.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Ning Chiu
+1 212 450 4908
ning.chiu@davispolk.com