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SEC Announces Its Examination Office will Review Proxy Advisory Firm Recommendations and Disclosure

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The SEC **announced** its Office of Compliance Inspections and Examinations' (OCIE) priorities for 2015, which focus on three areas: protecting retail investors, especially those saving for or in retirement; assessing market-wide risks; and using data analytics to identify signs of potential illegal activity. OCIE's focus is on issues involving investment advisers, broker-dealers and transfer agents.

In a bit of a surprise, there is also a reference under "Other" initiatives to examining proxy advisory firms and the investors that use their voting recommendations, as follows: "We will examine select proxy advisory service firms, including how they make recommendations on proxy voting and how they disclose and mitigate potential conflicts of interest. We will also examine investment advisers' compliance with their fiduciary duty in voting proxies on behalf of investors."

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.

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