

Chamber of Commerce Asks the SEC to Review Glass Lewis

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The U.S. Chamber of Commerce recently sent a [letter](#) to the SEC asking the regulator to “monitor the activities” of Glass Lewis, questioning whether the proxy advisory firm’s recent vote recommendations for the 2012 Canadian Pacific Railway meeting was influenced by its parent company, the Ontario Teachers’ Pension Board. The letter pointed out that the Ontario Teachers’ opposition to the board of directors of Canadian Pacific Railway was followed by Glass Lewis issuing a recommendation that shareholders vote for the alternative slate of directors. The Chamber questions the “tangible conflicts of interest in the operation of proxy advisory firms.”

Glass Lewis issued a [press release](#) refuting the Chamber’s assertions. In a fairly defensive statement, Glass Lewis’ first response, although not pertinent to the issue, is that it does not offer consulting services to public companies or their directors. Glass Lewis noted that it fully disclosed the potential conflict on the front cover of the relevant research report that Ontario Teachers has a stake in Canadian Pacific (although the excerpt of the cover did not indicate Ontario Teachers’ position) and that the timing of the report was driven by meetings with the company and dissidents. In addition, Glass Lewis also emphasized that it recommended for seven of the company’s nominees while Ontario Teachers voted against all of them, and highlighted two incidents where the firm’s recommendations differed from Ontario Teachers’ votes in the last two years.

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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