

New Coalition Condemns Lack of Retail Investor Influence and Criticizes Current Investor Focus

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[The Main Street Investors Coalition](#) wants retail investors to have more influence in combating the rise of passive investors. Retail investors own about 30% of stock issued by U.S. companies, where holdings are dominated by major institutional investors.

The group includes the National Association of Manufacturers, the American Council for Capital Formation, the Equity Dealers of America, the Savings and Retirement Foundation and the Small Business and Entrepreneurship Council and is led by George David Banks, who recently served in the White House as a special assistant to the current administration on both the National Economic Council and National Security Council.

According to [the press release](#), the goals of the group, best understood by quoting them verbatim, include: “demanding that fund managers focus on maximizing performance – not playing politics with other people’s money; ensuring that retail investors who own passive funds through 401(k)s have a say in how their shares are voted; forcing third-party, ‘black-box’ proxy-advisory firms to be more transparent about potential conflicts of interest; and insisting that public pension funds meet the same basic regulatory and reporting standards as private pension funds.”

The coalition argues that investment vehicles like 401(k)s and mutual, index and exchange-traded funds do not allow retail investors the ability to control the actions of those who invest their money. It believes that the system is “abused” and the press release also refers to the financial industries’ “political agenda” and “pet causes” as diversions to growth and prosperity.

The [posted FAQs](#) blame “politically-motivated shareholder activism” for the decrease in IPOs and also castigate mutual fund voting, shareholder proposals and proxy advisory firms.

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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