

## Commissioner Jackson Defends Proxy Advisory Firms

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On the heels of the SEC staff rescinding the letters to proxy advisory firms, Commissioner Jackson decried the influence of “corporate lobbyists” on the issue in his [statement](#).

It is corporate lobbyists who have made regulating proxy advisors a top priority, as they complain that those advisors have too much power, he said. Commissioner Jackson does not believe there is proof to that effect, citing academic studies, he said. In his view, “rigorous review” of the evidence shows that lobbyists are mistaking causation by observing the correlation between recommendations and vote outcomes.

He is concerned that the “corporate lobbyists’ priorities” will “sidetrack” the Commission’s work of “fixing the American system of corporate voting.” He blames “entrenched interests” in the voting systems for the Commission’s failure to take any action, eight years after the proxy plumbing concept release.

Reliance of investors on proxy advisory firms (“advice they are free to...disregard”) being at the “top of [the Commission’s] list” is questionable in his view, as he believes that there is a risk that regulation may very well further deepen the near monopolies held by the current firms.

He also emphasized that the current law governing the use of proxy advisors has not in any way changed as a result of the SEC staff’s withdrawal of the letters.

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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