



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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EXECUTIVE DIRECTOR & CIO**

November 9, 2018

Sent via email to: john.zecca@nasdaq.com

John Zecca
Senior Vice President
General Counsel North America and Chief Regulatory Officer
NASDAQ Stock Market
805 King Farm Boulevard
Rockville, MD 20850

Re: Council of Institutional Investors (CII) Petition on Amending Listing Standards

Dear Mr. Zecca:

The State Board of Administration (SBA) of Florida is writing to enthusiastically endorse the October 24, 2018, petition from the Council of Institutional Investors (CII) to the NASDAQ requesting a listing standard to require a time-based sunset on any new listing of multi-class shares with differential voting rights. CII's petition letter is attached.

The SBA manages the assets of the Florida Retirement System (FRS), one of the largest public pension plans in the United States with 1.1 million beneficiaries and retirees. The SBA's investment and corporate governance activities focus on enhancing share value and ensuring that public companies are accountable to their shareowners with independent boards of directors, transparent disclosures, accurate financial reporting, and ethical business practices. The SBA takes steps on behalf of its participants, beneficiaries, retirees, and other clients to strengthen shareowner rights and promote leading corporate governance practices among its equity investments in both U.S. and international capital markets.

As there is currently increased pressure on global stock exchanges to address investor stewardship priorities, our strong preference is for the NASDAQ to maintain high standards on corporate governance and voting rights. We believe that IPOs with unequal voting rights create a lack of accountability to shareowners that poses considerable risk to investors, particularly in the medium- and long-term. The CII approach – requiring a simple time-based sunset of seven years or less, at which point the share structure collapses to one-share, one-vote – is a very reasonable compromise on this issue. A required sunset deals with the longer-term problem of unequal voting rights. We note that the petition even provides for a means for shareowners, voting on a one-share, one-vote basis, to extend the unequal voting rights, should they make a judgement that such action is appropriate.

While some companies that are controlled by virtue of special voting rights function as benevolent dictatorships, we have seen others stumble because of self-dealing, lack of strategic planning and ineffective boards. When problems emerge, external shareowners have little recourse. Now, a consensus is emerging—among investors, companies and the law firms and other IPO gatekeepers—that time-based sunsets are a sensible solution to the growing problem of unequal voting rights, which poses danger to long-term resilience of an increasing number

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of companies. The SBA joins with other investors comprising over \$31 trillion in market value in advocating for one share, one vote structures at all of our portfolio companies.¹

Thank you for your consideration, and if you have any questions, please feel free to contact me at (850) 413-1253, or at ash.williams@sbafla.com.

Sincerely,

A handwritten signature in blue ink that reads "Ashbel Williams". The signature is written in a cursive style with a small mark above the 'l' in "Williams".

Ashbel Williams
Executive Director & Chief Investment Officer

cc: SBA Corporate Governance & Proxy Voting Oversight Group

¹ See the Investor Stewardship Group principles at www.isgframework.org.