



Via Post

February 5, 2015

Mr. Martin Schulz
President of the European Parliament
Rue Wiertz 60
1047 Bruxelles Belgique

Dear Mr. President,

I am writing on behalf of the Council of Institutional Investors (“CII”), an association of corporate, union and public employee benefit plans, foundations and endowments with combined assets exceeding \$3 trillion. CII previously submitted comments to you on the European Commission’s proposed amendments to the Shareholder Rights Directive and Corporate Governance Statement.¹ We are writing once again to voice our strong opposition to Amendment 42, the recently introduced proposal that would abridge many shareholders’ voting rights and upend the bedrock principle of “one share, one vote.”²

CII’s member-approved corporate governance policies maintain that shareholders’ right to vote is inviolate and should not be abridged. These policies support one vote for each common share and explicitly oppose disparate voting rights.³

Consistent with that position, CII actively advocates for keeping voting power in equal proportion to a shareholder’s economic interest. We promote this principle directly with U.S. companies that have unequal voting rights. CII has also petitioned the New York Stock Exchange and the Nasdaq Stock Market to adopt listing standards that require newly-listed companies to have a single class of common stock with equal voting rights.⁴

We are particularly concerned that a redistribution of voting power based on the holding period, as proposed by Amendment 42, introduces a backward-facing test to the forward-looking matter of long-term investment. We note that Amendment 42 would decrease the influence of recent investors who intend to hold their shares for the long-term, while increasing the influence of some shareholders who plan to exit their position in the near-term. We believe a more constructive way for the Shareholder Rights Directive to promote long-term investment is to recognize investors’ overwhelming preference for the “one share, one vote” principle.

Sincerely,

Glenn Davis

¹ See 1 August 2014 CII letter at http://www.cii.org/files/issues_and_advocacy/correspondence/2014/08_01_2014_EU_Letter_Shareholder_Rights.pdf.

² See 19 December 2014 draft report at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONGML%2bCOMPARL%2bPE-544.471%2b01%2bDOC%2bPDF%2bV0%2f%2fEN>

³ See Section 3 of CII’s corporate governance policies at http://www.cii.org/corp_gov_policies#shareowner_rights.

⁴ More information on CII’s advocacy for the “one share, one vote” principle is available at http://www.cii.org/dualclass_stock.