

Via Hand Delivery

March 13, 2017

The Honorable Jeb Hensarling  
Chairman  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Bill Huizenga  
Chairman  
Capital Markets, Securities, and Investment  
Subcommittee  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Carolyn B. Maloney  
Ranking Member  
Capital Markets, Securities, and Investment  
Subcommittee  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

**Re: Hearing entitled, “The JOBS Act at Five: Examining Its Impact and Ensuring the Competitiveness of the U.S. Capital Markets”**

Dear Chairman Hensarling, Chairman Huizenga, Ranking Member Waters, and Ranking Member Maloney:

I am writing on behalf of the Council of Institutional Investors (CII). CII is a nonprofit, nonpartisan association of public, corporate and union employee benefit funds, and other employee benefit plans, foundations, and endowments with combined assets under management exceeding \$3 trillion. Our member funds include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families. Our associate members include a range of asset managers with more than \$20 trillion in assets under management.<sup>1</sup>

The purpose of this letter is to express our appreciation for holding the above referenced hearing and to offer our views on an issue that is critically important to ensuring the competitiveness of the U.S. capital markets—shareholder rights. As the Committee on Capital Markets Regulation has previously stated:

The strength of shareholder rights in publicly traded firms directly affects the health and efficient functioning of U.S. capital markets. Overall, shareholders of U.S. companies have fewer rights in a number of important areas than do their foreign competitors. This difference creates an important potential competitive problem for U.S. companies. If such rights enhance corporate value, capital will be invested, at the margin, in foreign companies, and in the foreign capital

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<sup>1</sup> For more information about the Council of Institutional Investors (“CII”), including its members, please visit the CII’s website at <http://www.cii.org/members>.

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markets in which such foreign companies principally trade. The importance of shareholder rights also affects whether directors and management are fully accountable to shareholders for their actions.<sup>2</sup>

CII believes there are at least two areas where it is important to enhance shareholder rights: (1) majority vote standard in election of directors, rather than a plurality standard, and (2) one share/one vote, rather than unequal voting rights in common stock.

Attached are two recent CII documents explaining the importance of each of these issues to investors and the capital markets: “FAQ: Majority Voting for Directors,” and “Remarks to the SEC Investor Advisory Committee, Ken Bertsch, Executive Director, Council of Institutional Investors, ‘Equal Voting Rights in Common Stock,’ March 9, 2017.” We respectfully request that this letter and the related attachments be included in the public record for the above referenced hearing.

Please contact me with any questions at 202.822.0800 or [jeff@cii.org](mailto:jeff@cii.org).

Sincerely,

A handwritten signature in cursive script that reads "Jeff Mahoney".

Jeff Mahoney  
General Counsel

Attachments

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<sup>2</sup> Interim Report of the Committee on Capital Markets Regulation 93 (Nov. 30, 2006), *available at* <http://www.capmksreg.org/wp-content/uploads/2014/08/Committees-November-2006-Interim-Report.pdf>.