

U.S. Rep. Steil: Introduces Putting Investors First Act

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WASHINGTON, DC - Congressman Bryan Steil (WI-01) introduced the Putting Investors First Act, legislation to disrupt the woke attack on American capitalism.

This legislation reins in proxy advisors and limits their influence over American corporate governance. In the last two years, the Biden Administration has reversed critical proxy advisory firm reforms, resulting in reduced oversight, accountability, and transparency. Steil's legislation focuses on restoring key safeguards that will protect investors and prioritize shareholder returns.

"The Woke Left is using your retirement funds to advance their radical agenda," **said Steil**. "My bill puts a stop to the Left's woke attack on American capitalism. Americans are already seeing their retirement savings shrink because of Washington's reckless spending. We need to empower investors, restore transparency and accountability, and enhance competition."



"Proxy advisory firms are uniquely complicit in the woke environmental, social, and governance agenda that is poisoning our capital markets," **said Rep. Barr, a senior member of the Financial Services Committee**. "Through its guidance and recommendations, the industry holds an outsized influence over the decision making of institutional investors who bring their bias to bear on behalf of the unwitting retail investors they represent when considering a wide variety of shareholder proposals. The Putting Investors First Act lives up to its name by returning power to the millions of Americans whose voice is drowned out by radical, left-wing advisory firms and institutional investors bent on imposing a social agenda that is killing our economy and diminishing their clients' returns."

“Americans invest for a variety of reasons and hold a wide range of beliefs. Leveraging the retirement funds of every day Wisconsinites to advance a particular cause is not only inappropriate but financially harmful,” **said Rep. Scott Fitzgerald.** “Proxy advisors, who represent shareholders of all stripes, must not be able to abuse their responsibility by doing the work of activists.”

“Protecting our seniors has always been a top priority of mine,” **said Rep. Carlos Giménez.** “I’m proud to co-sponsor the Putting Investors First Act because pensions and retirement funds should be focused on yielding the best returns for retirees — not succumbing to the socialist left’s latest demands to engineer our economy into the abyss.”

“Pension funds are responsible for the advancement of the long-term financial interests of investors, not political agendas,” **said Rep. Troy Balderson.** “Increasingly, these unaccountable entities – rather than through the processes set forth in our Constitution – are the vehicle of choice for special interests to achieve their objectives and cancel dissenting voices. Safeguards and transparency are long overdue.”

“Proxy advisory firms’ errors and conflicts of interest continue to harm manufacturers’ competitiveness. Given the SEC’s unlawful attempts to roll back the landmark 2020 proxy firm rule, legislation is clearly needed to protect issuers and investors alike. The NAM strongly supports the Putting Investors First Act, which would increase transparency into these powerful firms and safeguard Americans’ financial security,” **said Chris Netram, Managing Vice President, Tax and Domestic Economic Policy, National Association of Manufacturers.**

Background:

Roughly 70 percent of the outstanding shares in publicly traded U.S. companies are held by institutional investors such as mutual funds and pension funds. American families depend on these institutional investors to manage their retirement savings, including voting their shares. However, to save costs, many institutional investors rely on proxy advisory firms for recommendations on how to vote the shares under their control.

The market for proxy advice is dominated by two firms, Glass Lewis and Institutional Shareholder Services (ISS), which jointly have 97 percent market share. ISS is a German-owned company and Glass Lewis is owned by Peloton Capital, a private

equity fund. Far too often, these two proxy advisory firms successfully pressure institutional investors to vote contrary to shareholder economic interests and in support of woke political initiatives.

These firms make more money if there are more shareholder proposals and, as a result, they are incentivized to encourage, including by voting for, activist proposals. At the same time, they also offer companies consulting services to address the same activist proposals they encourage. Making this even worse, the proxy advisory firms do not bear any costs and have no accountability for misguided recommendations. Retirees bear the costs of shareholder proposals and bad recommendations. Recently, with the encouragement of progressive SEC leadership, proposals have strayed into highly political areas that are beyond the expertise or authority of fund managers.

Steil has sent several letters to the SEC regarding changes to proxy advisor rules being made by Chair Gensler. These letters can be found [here](#) and [here](#).

Cosponsors of this legislation include Reps. Andy Barr, Drew Ferguson, Elise Stefanik, Kelly Armstrong, John Rose, Warren Davidson, Mark Amodei, Scott Fitzgerald, Troy Balderson, Roger Williams, Mike Flood, French Hill, Rodney Davis, Doug LaMalfa, Lance Gooden, Carlos Gimenez, Scott Franklin, Dave Joyce, and Michael Burgess.

For a line by line of the legislation, click [here](#).

For full text of the H.R. 9527, click [here](#).