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

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

This legislation, first proposed by Rep. Steil at the end of the last session of Congress, 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 woke attack on American capitalism. Washington's reckless spending has already harmed American's retirements, we don't need woke political actors harming Americans' financial futures. We need to empower investors, restore transparency and accountability, and enhance competition."

"Protecting our seniors has always been a top priority of mine," **said Rep. 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."

"Woke, liberal activists shouldn't be allowed to hijack the retirement accounts of hardworking Americans to pursue their extreme anti-capitalist political agenda," said **Rep. Rose**. "Under Chair Gensler, the SEC has encouraged this reckless behavior, which is why I'm proud to cosponsor the Putting Investors First Act. Because the investors should come before the activists."

"Retirement funds are being weaponized to advance woke proposals outside of traditional fiduciary duty," **said Rep. Ferguson.** "We must restore accountability and empower investors so the American people's retirement funds aren't subject to unpopular duopoly decision making. I'm proud to join Congressman Steil and my colleagues on this important legislation."

"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**

"Regulation of the proxy advisory firm duopoly will use transparency and accountability to protect investors, root out conflicts of interest, and keep American businesses competitive. Reforms to the shareholder proposal system are also necessary to protect everyday investors from the harmful and costly agendas of special interest activists. This legislation is timely as the SEC has recently sought to repeal regulations that had accomplished those goals. We applaud Rep. Steil's leadership and look forward to working together to have this bill become law," **said Tom Quaadman, Executive Vice President, Center for Capital Markets Competitiveness at the U.S. Chamber of Commerce.**

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, Elise Stefanik, Warren Davidson, Mark Amodei, Carlos Gimenez, Drew Ferguson, Mike Flood, David Joyce, John Rose, Dan Meuser, Scott Fitzgerald.

For a section by section of the legislation, click here.

For full text of H.R. 448, click here.