PRESIDENTIAL ACTIONS

PROTECTING AMERICAN INVESTORS FROM FOREIGN-OWNED AND POLITICALLY-MOTIVATED PROXY ADVISORS

Executive Orders

December 11, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. Unbeknownst to many Americans, two foreign-owned proxy advisors, Institutional Shareholder Services Inc. and Glass, Lewis & Co., LLC, play a significant role in shaping the policies and priorities of America's largest companies through the shareholder voting process. These firms, which control more than 90 percent of the proxy advisor market, advise their clients about how to vote the enormous numbers of shares their clients hold and manage on behalf of millions of Americans in mutual funds and exchange traded funds. Their clients' holdings often constitute a significant ownership stake in the United States' largest publicly traded companies, and their clients often follow the proxy advisors' advice.

As a result, these proxy advisors wield enormous influence over corporate governance matters, including shareholder proposals, board composition, and executive compensation, as well as capital markets and the value of Americans' investments more generally, including 401(k)s, IRAs, and other retirement investment vehicles. These proxy advisors regularly use their substantial power to advance and prioritize radical politically-motivated agendas — like "diversity, equity, and inclusion" and "environmental, social, and governance" — even though investor returns should be the only priority. For example, these proxy advisors have supported shareholder proposals

requiring American companies to conduct racial equity audits and significantly reduce greenhouse gas emissions, and one continues to provide guidance based on the racial or ethnic diversity of corporate boards. Their practices also raise significant concerns about conflicts of interest and the quality of their recommendations, among other concerns. The United States must therefore increase oversight of and take action to restore public confidence in the proxy advisor industry, including by promoting accountability, transparency, and competition.

Sec. 2. Protecting Investors from Politicized Advice. (a) The Chairman of the Securities and Exchange Commission (SEC) shall review all rules, regulations, guidance, bulletins, and memoranda relating to proxy advisors. Consistent with the Administrative Procedure Act (APA) (5 U.S.C. 551 *et seq.*), the SEC Chairman shall consider revising or rescinding those rules, regulations, guidance, bulletins, and memoranda that are inconsistent with the purpose of this order, especially to the extent that they implicate "diversity, equity, and inclusion" and "environmental, social, and governance" policies.

(b) Consistent with the APA, the SEC Chairman shall consider revising or rescinding all rules, regulations, guidance, bulletins, and memoranda relating to shareholder proposals, including Rule 14a-8 (17 CFR 240.14a-8), that are inconsistent with the purpose of this order.

(c) The SEC Chairman shall:

(i) enforce the Federal securities laws' anti-fraud provisions with respect to material misstatements or omissions contained in proxy advisors' proxy voting recommendations;

(ii) assess whether to require proxy advisors whose activities fall within the scope of the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 *et seq.*) and the rules promulgated thereunder, to register as Registered Investment Advisers;

(iii) consider requiring proxy advisors to provide increased transparency on their recommendations, methodology, and conflicts of interest, especially regarding "diversity, equity, and inclusion" and "environmental, social, and governance" factors;

(iv) analyze whether, and under what circumstances, a proxy advisor serves as a vehicle for investment advisers to coordinate and augment their voting decisions with respect to a company's securities and, through such coordination and augmentation, form a group for purposes of sections 13(d)(3) and 13(g)(3) of the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*); and

(v) direct SEC staff to examine whether the practice of Registered Investment Advisers engaging proxy advisors to advise on (and following the recommendations of such proxy advisors with respect to) non-pecuniary factors in investing, including, as appropriate, "diversity, equity, and inclusion" and "environmental, social, and governance" factors, is inconsistent with their fiduciary duties.

Sec. 3. Unfair, Deceptive, or Anticompetitive Practices. (a) The Chairman of the Federal Trade Commission (FTC), in consultation with the Attorney General, shall review ongoing State antitrust investigations into proxy advisors and determine if there is a probable link between conduct underlying those investigations and violations of Federal antitrust law.

(b) The FTC Chairman, under the authorities provided in the Federal Trade Commission Act (15 U.S.C. 41 *et seq.*) and in consultation with the Attorney General, as appropriate, shall investigate whether proxy advisors engage in unfair methods of competition or unfair or deceptive acts or practices that harm United States consumers by:

(i) conspiring or colluding, explicitly or implicitly, to diminish the value of consumer investments (including pensions and retirement accounts);

(ii) failing to adequately disclose conflicts of interest;

(iii) providing misleading or inaccurate information;

(iv) undermining the ability of consumers to make informed choices; or

(v) otherwise engaging in conduct that violates the antitrust laws as defined in 15 U.S.C. 12(a) or section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

Sec. 4. Protecting Pensions and Retirement Plans. (a) The Secretary of Labor shall, consistent with the APA, take steps to revise all regulations and guidance regarding the fiduciary status of individuals who manage, or, like proxy advisors, advise those who manage, the rights appurtenant to shares held by plans covered under the Employee Retirement Income Security Act of 1974 (ERISA) (29 U.S.C. 1001 *et seq.*), including proxy votes and corporate engagement, consistent with the policy of this order. The Secretary of Labor shall consider whether these proposed revisions should include amendments to specify that any individual who has a relationship of trust and confidence with their client, including any proxy advisor, and who provides advice for a fee or other compensation, direct or indirect, with respect to the exercise of the rights appurtenant to shares held by ERISA plans, is an investment advice fiduciary under ERISA.

(b) The Secretary of Labor shall take all appropriate action to strengthen the fiduciary standards of pension and retirement plans covered under ERISA. Such action shall

include assessing whether proxy advisors act solely in the financial interests of plan participants and the extent to which any of their practices undermine the pecuniary value of the assets of ERISA plans.

(c) The Secretary of Labor shall take all appropriate action to enhance transparency concerning the use of proxy advisors, particularly regarding "diversity, equity, and inclusion" and "environmental, social, and governance" investment practices.

Sec. 5. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

(d) The costs for publication of this order shall be borne by the Department of Labor.

DONALD J. TRUMP

THE WHITE HOUSE,

December 11, 2025.





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