

[Securities Regulation Daily Wrap Up, PROXIES—Trump EO demands SEC review proxy rules implicating DEI and ESG policies, \(Dec. 12, 2025\)](#)

Securities Regulation Daily Wrap Up

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The order looks to ensure that investment decisions prioritize investor returns over politically-motivated agendas.

President Trump has issued an executive order intended to increase transparency and accountability in the proxy advisory process. Issued on December 11, 2025, the order, "Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors," directs the SEC, FTC, and the Department of Labor to take steps to increase oversight and transparency in the proxy advisory industry.

The problem. The [order](#) takes direct aim at two foreign-owned proxy advisors, Institutional Shareholder Services Inc. and Glass, Lewis & Co., LLC, stating that they use the shareholder voting process to shape the policies and priorities of America's largest companies. The two firms control over 90% of the proxy advisor market, and their clients, who have significant ownership stakes, follow their advisors' advice.

The order says that as a result, ISS and Glass Lewis have enormous influence over corporate governance matters. They use this power to prioritize DEI and ESG—which the order calls "radical politically-motivated agendas" to the detriment of investor returns. This situation requires the United States to increase oversight and restore public confidence in the proxy advisory industry, the order says.

SEC. Under the rubric of "Protecting Investors from Politicized Advice" the order directs the SEC to review all rules, regulations, guidance, bulletins, and memoranda relating to proxy advisors and shareholder proposals and consider revising or rescinding those that implicate DEI and ESG. The order also suggests that Rule 14a-8 be revised or rescinded.

The order directs the SEC chair to:

- enforce anti fraud provisions regarding misstatements or omissions in proxy advisors' proxy voting recommendations;
- assess whether to require proxy advisors who fall within the scope of the Advisers Act of 1940 to become registered investment advisers;
- consider requiring proxy advisors to provide increased transparency on their recommendations, methodology, and conflicts of interest that implicate DEI and ESG factors;
- analyze whether a proxy advisor serves as a vehicle for investment advisers to coordinate with respect to a company's securities and thus form a group; and
- examine whether engaging proxy advisors to advise on non-financial factors, including DEI and ESG, is inconsistent with an adviser's fiduciary duties.

FTC. To deter unfair, deceptive, or anticompetitive practices, the order directs the FTC to review ongoing state antitrust probes into proxy advisors for violations of federal antitrust law. The FTC must also investigate whether proxy

advisors engage in unfair competition or deceptive practices through practices harming consumer investments; failing to disclose conflicts of interest; providing misleading information; or other anticompetitive behavior.

DOL. Finally, the Secretary of Labor is directed to take steps to protect pensions and retirement plans by revising all regulations and guidance on the fiduciary status of individuals who manage the rights appurtenant to shares held by ERISA plans. In addition, the fiduciary standards for pension and retirement plans will be strengthened and the fiduciary status of proxy advisors under ERISA will be clarified. The Secretary must also take steps to enhance transparency concerning the use of proxy advisors, particularly regarding DEI and ESG investment practices.

HCFS praises. In a [statement](#), House Committee on Financial Services Chairman Rep. French Hill (AR-02) and Subcommittee on Capital Markets Chair Ann Wagner (MO-02) applauded the move, noting that they would help to ensure the reforms will be implemented effectively. They said: "For too long, a small number of firms have held disproportionate influence over corporate governance decisions that impact millions of investors. These reforms will help ensure shareholder voting is fair, well-informed, and focused on maximizing value for all investors. Strengthening oversight of proxy advisers and reinforcing fiduciary accountability in proxy voting will enhance the integrity of our capital markets and increase investor confidence."

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