Press Release

SEC Proposes to Enhance Proxy Voting Disclosure by Investment Funds and Require Disclosure of "Say-on-Pay" Votes for Institutional Investment Managers

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Washington D.C., Sept. 29, 2021 — The Securities and Exchange Commission today proposed amendments to Form N-PX to enhance the information mutual funds, exchange-traded funds, and certain other funds report about their proxy votes. The proposed rulemaking would require funds to tie the description of each voting matter to the issuer's form of proxy and to categorize each matter by type to help investors identify votes of interest and compare voting records. The proposal also would prescribe how funds organize their reports and require them to use a structured data language to make the filings easier to analyze. Funds would also be required to disclose how their securities lending activity impacted their voting.

Further, the rulemaking would require institutional investment managers to disclose how they voted on executive compensation, or so-called "say-on-pay" matters, which would fulfill one of the remaining rulemaking mandates under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Managers generally would be subject to the same Form N-PX reporting requirements as funds with respect to their say-on-pay votes.

"This proposal will make it easier and more efficient for investors to get crucial information about proxy votes from funds," said SEC Chair Gary Gensler. "I am pleased to support the staff's recommendations and look forward to putting them out to public comment."

Since 2003, funds have been required to file Form N-PX reports disclosing how they voted on proxy proposals relating to investments they hold, but investors may face difficulties analyzing these reports. For example, funds may report their votes in an inconsistent manner or in a format that is not machine readable. This can make it more difficult for investors to analyze the reported data. The proposal would make funds' proxy voting records more usable and easier to analyze, improving investors' ability to monitor how their funds vote and compare different funds' voting records.

The proposal will be published on SEC.gov and in the Federal Register. The public comment period will remain open for 60 days after publication in the Federal Register.

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Related Materials

- Fact Sheet

- SEC Proposed Rule