



British Columbia Investment Management Corporation
750 Pandora Ave / Victoria BC / V8W 0E4 CANADA
T +1 778 410 7100 communication@bci.ca BCI.ca

VIA EMAIL: rule-comments@sec.gov

February 03, 2020

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549 - 1090

Dear Madam Secretary:

RE: FILE NOS. S7-22-19

British Columbia Investment Management Corporation (BCI) is an investment manager with over CAD \$150 billion in assets under management, and one of the largest institutional investors in Canada. Our investment activities help finance the pensions of approximately 500,000 people in our Canadian province, including university and college instructors, teachers, health care workers, firefighters, police officers, municipal and other public sector workers. On behalf of these pension beneficiaries, we provide long term capital to companies around the world that we believe will deliver strong and stable financial returns.

BCI welcomes the opportunity to provide feedback to the Securities and Exchange Commission ("Commission") on Amendments to Exemptions From the Proxy Rules for Proxy Voting Advice ("the Amendments") as we feel strongly that shareholder rights need to be protected. While specific comments on different amendments being contemplated are provided below, we would generally argue that the Commission has failed to adequately outline the need for such a drastic regulatory framework. In our view, the Amendments would simply increase costs for investors without any added benefit. The proxy advisory services have largely responded to ongoing feedback from the market on a voluntary basis and an onerous and burdensome regulatory environment is not necessary or desirable.

Conflicts of Interest

BCI shares the Commission's concern about conflicts of interest and we can see value in making disclosures consistent in this regard. While we are generally comfortable with the current level of disclosure provided by proxy voting advisors, we are not opposed to having material relationships disclosed within the reports that we consume. This would be comparable to those we see in sell-side research reports that identify relationships with business units outside of capital markets research and is justifiable.

What would be unusual and unnecessary however, is requiring policies and procedures to be disclosed within individual research reports. It is our view that investors should assess such policies and procedures during their due diligence of service providers and do not need to be repeated within each individual research report. Such disclosure is more suitably included in corporate disclosure published to a central location. Disclosing specific amounts involved, would also be highly unusual and something that BCI does not support.

Review of Proxy Voting Advice by Registrants and other Soliciting Persons

It is extremely important to BCI that the Commission fully understand and appreciate why and how we use proxy voting service providers. Without the efficiency that the research providers create, institutional investors like ourselves would not be able to effectively research and vote thousands of proxies each year. The independence of the research that we purchase is paramount. Our investment and stewardship teams have ample opportunity to engage directly with company management and directors over the course of the year to understand how they view the business and how they are positioned to grow long term shareholder value. The Annual General Meeting is our opportunity to think critically about the composition of the board, how it is structured, and how management is compensated. The issuers' views and recommendations regarding these topics are provided in the proxy statement and other communications that are easily accessible.

The independent research provided by proxy voting service providers supplements our own research and understanding of a company and allows us to make informed decisions regarding our votes. It is our duty to hold the proxy advisors accountable for the quality of the research that we pay for. Allowing issuers to review the research as contemplated by the Amendments, would compromise this independence and subject proxy voting advisors to additional pressure from issuers. Any involvement of the issuer in this research should be limited to correcting factual errors only.

Response to Proxy Voting Advice by Registrants and other Soliciting Persons

Similar to our response above, it does not seem appropriate to BCI that the government mandate a private business to include commentary from another private business in its product that is paid for by institutional investors. This essentially is asking a proxy advisory business to carry out the responsibilities of an issuer's investor relations function.

The Commission indicates that the efficacy of investor outreach following publication of a proxy advisor's research report may be limited. There is really no way for the Commission to measure this and we see no evidence that the Commission has tried to measure it. BCI receives communications from issuers in response to reports issued by proxy voting service providers and we have no issues incorporating these into our analysis and taking into consideration factual errors if they exist. Requiring proxy voting advisors to incorporate a response from issuers would allow issuers to avoid building strong investor relations programs and relationships with their top shareholders.

Conclusion

BCI views the Amendments proposed as unnecessary and burdensome rather than beneficial for investors. The Commission has failed to convey why such an overhaul is needed in the absence of widespread support from the institutional investor community. Given our need for impartial research during a very condensed voting season, the Amendments will not result in a superior product and only serve to increase costs for investors. BCI opposes the Amendments as drafted as we are concerned about corporate issuers having a disproportionate influence over the research we rely on compared to the clients that actually pay for such research.

BCI would like to thank the Commission for this opportunity to contribute to an important debate. Please reach out to Jennifer Coulson, Vice President ESG at Jennifer.coulson@bci.ca if you require clarification on any of the above comments.

Sincerely,



Umar Malik
A/Executive Vice President & Global Head
Public Markets

cc Jennifer Coulson, VP, ESG

