



Council of Institutional Investors®

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CII Applauds Shareholder Protections in House Bill

Washington, D.C., July 17, 2018 — The Council of Institutional Investors (CII) issued a statement in response to House passage today of a bill, the JOBS and Investor Confidence Act of 2018 (S. 488), aimed at supporting small businesses' access to capital.

"We are pleased that several investor protection provisions were included in today's bipartisan bill" said CII Executive Director Ken Bertsch. "We are particularly supportive of two of the bills' provisions, one affecting trading plans and the other providing more information about multi-class stock structures."

The first provision would require the SEC to consider certain types of amendments to Rule 10b5-1, consistent with CII's policies and its related 2012 SEC rulemaking petition. CII believes the amendments would help ensure that corporate insiders could not indirectly engage in illegal insider trading through changes to their trading plans.

The second provision included in the bill, which CII supports, would require public companies with multi-class share structures to make certain disclosures in proxy or consent solicitation materials. Those disclosures would shed more light on certain shareholders' voting power, which CII views as an important supplement to amending existing U.S. stock exchange listing standards to require meaningful, time-based sunsets for newly listed companies with those structures.

With the bill now headed to the Senate, CII is hopeful that the legislation will remain bipartisan and free of amendments that would threaten fundamental shareholder protections. In that regard, CII strongly opposes any amendments to the bill that would create an intrusive new federal regulatory scheme for proxy advisors, which would inhibit the ability of shareowners to obtain timely, cost-effective, and independent research to assist in voting their shares responsibly.

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The Council of Institutional Investors (CII) is a nonprofit, nonpartisan association of pension funds, other employee benefit funds, endowments and foundations, with combined assets that exceed \$3.5 trillion. CII's non-voting members include asset management firms with more than \$25 trillion under management. CII is a leading voice for effective corporate governance, strong shareowner rights and vibrant, transparent and fair capital markets. CII promotes policies that enhance long-term value for U.S. institutional asset owners and their beneficiaries.