

Remarks to the U.S. Securities and Exchange Commission (SEC) Investor Advisory Committee – Corporate Governance Panel – 4 December 2025

ICGN represents asset owners and managers from around the world, how are the recent regulatory changes in the US being perceived by global institutional investors?

Good morning and thank you for inviting me to speak today.

The International Corporate Governance Network represents investors with over 90 trillion dollars of assets under management. We work to promote high standards of corporate governance globally and our members - both asset owners and asset managers - have significant exposure to the US market.

I would like to start by reminding you that investors, companies, and regulators all have a shared interest in efficient capital markets. This enables businesses to access long-term capital, support innovation and create jobs, while also generating the returns on which pension funds and citizens depend.

Capital markets flourish when investors are confident that their rights are respected, and that companies are operating with integrity and oversight.

I appreciate the opportunity to share the perspective of global investors. ICGN members are increasingly concerned about what they view as an erosion of shareholder rights in the United States—a trend that risks weakening America’s position as the world’s leading destination for global capital.

We strongly encourage the SEC to continue safeguarding shareholders’ ability to act as responsible stewards, as this is their fiduciary duty. Investors must be able to engage with boards, vote on key issues, file shareholder resolutions, access reliable information and use litigation as a last resort.

Let me give you a few examples of recent developments that have caused strong concern among ICGN members – some of which have been mentioned by my fellow panellists.

1. Shareholder proposals

We are deeply concerned by the announcement from the Division of Corporation Finance that it will not respond substantively to most Rule 14a-8 no-action requests this proxy season.

Shareholder resolutions are a vital mechanism through which company owners can raise ideas and concerns with management and all shareholders. They have been instrumental in driving improvements to corporate governance in the United States.

For decades, issuers and investors have relied on SEC staff guidance, which, although purely advisory, has served as an independent and trustworthy check, providing procedural clarity and curbing the potentially arbitrary exclusion of shareholder proposals by boards of directors.

By stepping back from the process, the SEC risks significantly reducing shareholder influence and the important checks and balances that protect the long-term interests of the company and its owners.

Without the traditional buffer of a no-action determination by the SEC's staff, boards of directors may face increased opposition from investors who are concerned that relevant shareholder proposals may have been omitted without valid reason (so votes against directors for instance). Furthermore, companies may be exposed to increased litigation.

By limiting constructive channels for investor expression, the new framework risks escalating tensions between the company's owners and its management.

2. Company/investor dialogue

The C&DI published in February regarding Regulation 13D-G has been problematic for investors and, I believe, their investee companies.

Investors have felt unable to indicate potential voting intentions or clarify previous voting decisions, leaving companies less informed and unable to correct misunderstandings. This diminishes candour, disrupts the feedback loop, and breaks the critical link between engagement and voting.

For ICGN members, engagement is not adversarial. It is a process rooted in collaboration, transparency, and mutual understanding.

3. Mandatory arbitration

We are also concerned about the policy shift regarding mandatory arbitration.

When embedded in corporate charters or bylaws, such provisions can significantly constrain investors' ability to seek redress. They often preclude collective actions and move disputes into private forums that do not create legal precedent. This erodes transparency, legal certainty, and market discipline.

The ability of investors—especially minority investors—to seek remedies through public courts is a cornerstone of shareholder rights. We encourage the Commission to maintain a role in scrutinising arbitration provisions during registration.

4. Role of proxy advice

We remain concerned about persistent misconceptions regarding the role of proxy advisors. Their research and recommendations are tools used by investors. Proxy advisors don't make the voting decision, investors do. I would be pleased to elaborate during the discussion.

5. Retail voting program

Finally, we support the Commission's goal of empowering retail shareholders. However, we are concerned by the Division's approval of a retail voting programme that allows standing voting instructions to be set to vote in favour of all proposals in line with the Board's recommendations ("auto voting"). This sets a worrying precedent.

6. Need for public consultations

We strongly encourage the Commission to consider returning to public consultation processes on matters that substantively alter policy. The absence of public consultations on important announcements which may negatively affect shareholder rights, risks lowering the quality of the highly regarded due process and governance standards in the United States, thereby presenting a risk to the attractiveness of U.S. capital markets.

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