



OFFICE OF THE ILLINOIS STATE TREASURER  
**MICHAEL W. FRERICHS**

February 20, 2018

Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: Opposition to Rulemaking Petition regarding resubmission of Shareholder Proposals  
File No. 4-675**

Dear Mr. Secretary,

I am writing to express my opposition to the petition submitted by the U.S. Chamber of Commerce requesting that the Securities and Exchange Commission ("SEC") amend Rule 14a-8 under the Securities Exchange Act of 1934 regarding resubmission of Shareholder Proposals (the "Petition").

The Illinois State Treasurer's Office is responsible for safeguarding and prudently investing \$29 billion on behalf of state agencies, local governments, and individuals. To effectively execute my fiduciary duties as State Treasurer, my office routinely votes on shareholder resolutions and is an active proponent of resolutions that protect long-term shareholder value, address outstanding risks, and enhance corporate governance. This process provides us – and more importantly, the public – with added confidence that investments are well-managed, low-risk, and high-performing. Furthermore, it allows to communicate concerns, flag issues, and propose reforms designed to serve the mutual interests of shareowners and corporate managers.

The shareholder proposal process, as currently structured and administered under SEC Rule 14a-8, serves this purpose effectively. It provides an orderly and cost-effective means for investors to communicate with companies on risks and concerns that are of material interest.

The rulemaking petition would seriously undermine this process and curtail shareholder rights. Of particular concern is the proposal to raise the resubmission threshold for shareholder proposals in the U.S. This would effectively reduce access to a process that has proven its value time and time again. Over the years, shareholders' ability to submit proposals under Rule 14a-8 has resulted in

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dramatic changes in the corporate governance of public companies as well as environmental and social concerns. These issues are material to investors, and shareholder proposals provide an effective means to mediate differences between corporate managers and share owners. This allows shareholders to signal issues of concern in the interest of enhancing long-term company value, and it provides a framework for companies to respond to owners with information about its strategy, governance, and risk management approaches.

We encourage you to consider the August 21, 2017, letter drafted by the Council of Institutional Investors (CII), which describes in detail several of the “positive advancements in U.S. corporate governance practices that would not have occurred without a robust shareowner process in place.” These include, but are not limited to, proposals regarding independent board directors, requests for proxy access, and better disclosures of risks in corporate reporting.<sup>i</sup>

The rulemaking petition ignores these advancements in corporate governance and corporate disclosure that have resulted from shareholders ability to submit proposals under the current rule.

For these reasons, we firmly believe it is not necessary to open rulemaking to amend Rule14a-8 and we encourage you to reject the petition.

Thank you for your consideration.

Sincerely,



Michael Frerichs  
Illinois State Treasurer

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<sup>i</sup> Letter from Jeffrey P. Mahoney, General Counsel, Council of Institutional Investors, to Brent J. Fields, Secretary, U.S. Securities and Exchange Commission (August 21, 2017), <http://www.cii.org/files/August%2021%202017%20SEC%20Letter.pdf>.