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Via Electronic Delivery

June 6, 2017

The Honorable Scott H. Peters
U.S. House of Representatives
Washington, DC 20515

Re: The Financial CHOICE Act

Dear Representative Peters,

Impact Investors strongly opposes the Financial CHOICE Act of 2017 and urges the U.S. House of Representatives to oppose this misguided legislation.

The CHOICE Act will not rebuild confidence and trust in the U.S. markets. Instead it will tarnish the reputation of the US markets by—among other things—rolling back systemic risk protections, killing effective regulations and imposing onerous hurdles for new regulations, starving market regulators of appropriate funding, shuttering market transparency and slashing the rights of investors.

Today $8.72 trillion dollars, more than one in five dollars of professionally managed assets in the United States, are engaged in sustainable, responsible and impact investing practices—a 33 percent increase since 2014. This growing and engaged community understands that the capital markets are most efficient when rules and regulations support robust oversight of corporate directors and management and provide access to information about company environmental and social policies, practices and performance.

Less than 10 years have passed since the worldwide financial crisis wreaked havoc around the globe, devastating the U.S. economy and shattering the dreams of Americans who lost their homes, jobs, and savings, including those needed for retirement. Confidence in the U.S. markets remains damaged by the financial crisis. According to a Gallup poll (released April 20, 2016), 52 percent of Americans currently have money in the stock market—matching the lowest ownership rate in Gallup's 19-year trend. The highest ownership rate—65 percent of Americans—was reported in 2007, just before the global financial crisis. The reforms enacted by the Dodd–Frank Wall Street Reform and Consumer Protection Act were necessary to address the systemic risks that contributed to the global crisis and to protect the U.S. from a repeat of the financial crisis. These reforms remain vitally important today.

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We oppose any legislative efforts to weaken the financial reforms adopted following the financial crisis, and as a result, we oppose the entire CHOICE Act. The following sections of the CHOICE Act are particularly problematic:

- Title III, Subtitles A&B, which address the federal rulemaking process for financial agencies, we believe would: (1) add unnecessary and burdensome processes to an already cumbersome rulemaking process; (2) impose time-consuming and speculative "indirect" effects analyses; (3) yield one-sided cost-benefit analyses which over-emphasis consideration of costs; and (4) damage the independent structure of regulatory agencies by requiring major rules to be approved by both chambers of Congress.

- Section 844, which we believe would: (1) eviscerate the shareholder proposal rule by increasing the requirements to file or re-submit a proposal and by effectively prohibiting shareholders from using experienced agents—such as lawyers or their financial advisors—to submit proposals on their behalf; (2) disenfranchise all but the very largest institutional investors; and (3) halt the extraordinary progress—including more independent and diverse boards, enhanced disclosure practices, and stronger investor rights and protections—that have resulted from the rule.

- Section 862(a)(1), Section 862(a) (3) and Section 857(a)(24), which would repeal Section 1502 (Conflict Minerals Rule), Section 1504 (Payments by Resource Extraction Issuers) and Section 953(b) (Pay Ratio disclosure)of the Dodd-Frank Act. These Dodd-Frank sections address issues of potentially material risks that warrant the sunlight of disclosure. All were adopted to enhance transparency and accountability, and we believe all remain relevant and important today for investors and for companies that have already adopted or taken major steps forward to comply with the requirements.

- Sections 843, 849, 857(a)(30), which would repeal or weaken key corporate governance reforms mandated by the Dodd-Frank Act. Revoking the SEC's authority to adopt a proxy access rule, and rolling back the say-on-pay vote and clawback rule are inconsistent with the preferences of companies and investors.

- Sections 481-483, which we believe would impose burdensome and unnecessary regulation of proxy advisory firms and undermine proxy advisory firms' ability to provide a valuable service, limit competition in the proxy advisory business and impose significant costs on institutional investors with no clear benefits.

- Title VII (Consumer Financial Protection Bureau), which we believe would weaken the CFPB. The financial crisis proved beyond a doubt that the United

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States needs an effective regulator to protect consumers from predatory lending and to ensure that all Americans have adequate access to capital to start small businesses and buy homes. US SIF advocated for the creation of the CFPB to be an entirely independent regulatory body, free from political and special interest influence. To date, the CFPB has fulfilled this goal and has successfully fought on behalf of American consumers and is restoring confidence among the public in our economic institutions.

The Financial CHOICE Act is simply a bad choice for America. We care deeply about the health of the U.S. capital markets, the effectiveness of the rules and regulations governing the markets, and the long-term impact of rules and regulations. Investor confidence—from retail clients to the largest institutional investors-- in the health and integrity of these markets is vital. We believe the CHOICE Act will undermine the health and confidence in the markets. We urge you to vote down this deeply flawed and harmful legislation. We would welcome the opportunity to meet to discuss these important topics.

Sincerely,

Shane Yonston
Principal Advisor

Catherine Woodman
Principal Advisor

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