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## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 902 Original

2024 Regular Session

Melerine

**Abstract:** Provides relative to the voting of shares held by retirement systems based on advice of a proxy advisory firm.

Proposed law provides that a proxy advisory firm is a person who is engaged in the business of providing proxy voting advice, research, analysis, ratings, or recommendations to a fiduciary or to a public retirement system pursuant to an agreement with the system.

Proposed law prohibits a proxy advisory firm from providing proxy voting recommendations or advice to a retirement system regarding shareholder-sponsored proposals for an enterprise in which the plan has an interest unless the proxy advisory firm commits to basing its voting recommendations solely on the best economic interest of the enterprise's shareholders and the retirement system. Provides that there is a presumption that a proxy advisory firm's recommendation meets this standard if the recommendation is consistent with the recommendation of the enterprise's board of directors and if that board is composed of a majority of independent directors. Authorizes a vote recommendation contrary to the recommendation of the board of directors if the proxy advisory firm conducts and documents an economic analysis demonstrating that such a vote is in the best economic interest of the enterprise's shareholders and the plan.

Proposed law authorizes a consumer who has reason to believe that shares underlying his investment have been voted in a manner inconsistent with his best economic interest to request that the retirement system in which he is an investor, beneficiary, or participant determine whether a proxy advisory firm provided a vote recommendation on a proposal and obtain a copy of the economic analysis performed pursuant to proposed law. Requires the retirement system to respond within 90 days with one of the following:

- (1) The economic analysis required by proposed law.
- (2) An indication that no economic analysis was performed by the proxy advisory firm.
- (3) An indication that the vote was consistent with the recommendation of the board of directors of the issuer of the shares.

Proposed law provides for enforcement of proposed law and any contract pursuant to proposed law by the attorney general. Provides that if the attorney general has reasonable cause to believe that a person has engaged in, is engaging in, or is about to engage in, a violation of proposed law, he may:

- (1) Require the person to file a statement or report, under oath, as to all the facts and circumstances concerning the violation.
- (2) Examine under oath any person in connection with the violation.
- (3) Examine any record, book, document, account, or paper as he deems necessary.
- (4) Pursuant to a court order, impound any record, book, document, account, paper, or sample or material relating to such practice.

(Adds R.S. 11:331-334)