

Corporate Reform Coalition

[Democracy Through Accountability](#)

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SEC's Removal of Political Spending Disclosure Rule from Agenda a Step Back For Protecting Investors

Statement of the Corporate Reform Coalition and Other Undersigned Organizations in Response to SEC's Shift on Political Spending Disclosure

The [Corporate Reform Coalition](#) is deeply disappointed by and demands an explanation for the removal from its agenda of the most widely supported rulemaking in the Securities and Exchange Commission's history. The agency chose to put the political spending disclosure rule on their docket for consideration based on its strong support from investors and the potential risks to companies from secret political spending. The decision to drop this rule and others from the Commission's agenda is a step back from the SEC's proactive agenda to protect investors.

There is an urgent need for a new disclosure rule to address political spending since the U.S. Supreme Court's *Citizens United* decision allowed companies to directly spend their money in politics. *Citizens United* also affirmed the constitutionality of disclosure requirements and, in fact, assumed that new corporate political spending would be transparent to shareholders. Justice Kennedy said in the opinion that "[shareholder objections raised through the procedures of corporate democracy](#)" would provide accountability for the new political spending. Without a mandatory disclosure rule shareholders do not have the ability to raise those objections.

Resolutions calling for company disclosure of political spending have topped the shareholder agenda for the last five years, and this year will be no exception. For the 2014 proxy season, this will remain a priority as more investors will be urging companies to disclose their political spending. Shareholders and other securities experts see an SEC rule as critical to achieving uniform political disclosure.

More than 100 leading companies have taken the initiative to publicly disclose their political spending. This demonstrates the ease with which these disclosures can be accomplished. It also demonstrates the acceptance of disclosure by many prominent and large corporations. Unfortunately, however, other companies keep their shareholders in the dark, unaware if their money is funding political campaigns and even political attack ads.

The SEC has received [nearly 700,000 comments](#) – a record-breaking number – urging disclosure of political spending. In addition, surveys commissioned by the Committee for Economic Development and the Center for Political Accountability found a strong majority of business leaders endorsing corporate disclosure of direct and indirect political spending. The SEC had taken the public and investor demand for greater disclosure into account and was considering a rulemaking in response to this demonstrated need.

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The context has not changed. This rule is still necessary. We look forward to an explanation from SEC chairman Mary Jo White as to why the investor demand for this updated regulation is being rebuffed. We urge that this decision be reversed and that the rulemaking returned to the SEC's agenda. In the meantime, the agency should publicly explain the questions it needs answered in order to move forward with the rulemaking in a concept release. The rights of shareholders must be protected, and the SEC has the means and the mandate to do so. The commission must renew its political disclosure rulemaking. This is critical both for democracy and the rights of investors in the marketplace. The agency owes investors – and the public – nothing less.

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Alliance for a Just Society
American Federation of Labor-Congress of Industrial Organizations (AFLCIO)
As You Sow
Amazon Watch
American Federation of State, County & Municipal Employees (AFSCME)
Americans for Campaign Reform
Boston Common Asset Management
Brennan Center for Justice
Campaign Legal Center
Center for Political Accountability
Center for Responsive Politics
Change to Win
Citizens for Responsibility and Ethics in Washington (CREW)
Citizen Works
Clean Yield Asset Management
Common Cause
Communications Workers of America (CWA)
Credo Mobile
Democracy 21
Demos
Domini Social Investments
Dominican Sisters of Hope
Friends of the Earth
Green Century Fund
Greenpeace
Harrington Investments
HIP Investor, Inc.
International Brotherhood of Teamsters (IBT)
Investor Voice, SPC
League of Conservation Voters
Main Street Alliance
National Consumers League (NCL)

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New Progressive Alliance
Newground Social Investment, SPC
Pax World Mutual Funds
People for the American Way (PFAW)
Progressives United
Public Citizen
Responsible Endowments Coalition
Responsible Wealth
Social Equity Group
SumOfUs
Sunlight Foundation
The Sustainability Group of Loring, Wolcott and Coolidge
U.S. Public Interest Research Group (U.S.PIRG)
Union of Concerned Scientists
United Food and Commercial Workers (UFCW)
United for a Fair Economy
Ursuline Sisters of Tildonk
US SIF: The Forum for Sustainable and Responsible Investment
Walden Asset Management
Wisconsin Democracy Campaign
WV Citizen Action Group
Zevin Asset Management