California Public Employees' Retirement System
Executive Office
400 Q Street, Sacramento, CA 95811 |Phone: (916) 795-3829 | Fax: (916) 795-3410
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

October 23, 2026

Subject: File No. S7-2026-32, Rescission of Rule 14a-8's Federal Regulation of Shareholder Proposals and Amendments to Rule 14a-4 (Release No. 34-106383)

Dear Secretary Countryman,

On behalf of the California Public Employees' Retirement System (CalPERS), we appreciate the opportunity to provide comments on the U.S. Securities and Exchange Commission's (SEC or Commission) proposed rescission of Rule 14a-8's Federal Regulation of Shareholder Proposals and Amendments to Rule 14a-4 (Release Number: 34-106383).

As the largest public defined benefit pension fund in the United States, CalPERS manages approximately $650 billion in global assets on behalf of nearly 2.4 million members. We seek long-term and sustainable returns through efficient capital allocation and stewardship in line with our fiduciary duty. As a broadly diversified investor in the U.S. public markets, we depend on comprehensive disclosures and advisory votes to fulfill our fiduciary duty, evaluate material risks, and secure long-term value on behalf of our members.

CalPERS respectfully opposes the proposed rescission of Rule 14a-8. We have long supported a fair and reliable shareholder proposal process, commenting in support of it across successive Commissions and rulemakings for more than three decades, beginning with our 1989 letter on the role of shareholders in the governance of public companies[1]. In 2007, when the Commission asked whether companies and shareowners should adopt their own procedures for non-binding proposals in lieu of Rule 14a-8, we objected that the process is the product of decades of rulemaking, judicial guidance, and practice, and that its accumulated precedent would be lost if the parties were left to their own devices. In 2010, we told the Commission that

[1] CalPERS has commented on the shareholder proposal process and related proxy rulemakings in 1989, 2003, 2007, 2010, 2020, and 2022. See Letter from Richard Koppes, CalPERS General Counsel, to Linda C. Quinn, Director, Division of Corporation Finance, SEC (Nov. 3, 1989); CalPERS Comment Letters on File Nos. S7-19-03 (Dec. 5, 2003), S7-16-07 and S7-17-07 (Sept. 27, 2007), S7-10-09 (Jan. 19, 2010), S7-23-19 (Feb. 3, 2020), and S7-20-22 (Sept. 12, 2022).

private ordering, or a state law solution, would be neither efficient nor effective. Most recently, in 2022, we described Rule 14a-8 as a critical component of company-shareholder engagement and supported efforts to make its application more consistent, because an unpredictable process discourages shareholder participation. Presently, CalPERS is concerned that the Commission now proposes to remove that framework altogether.

Abandoning a unified federal standard will result in a patchwork of state laws and individual company bylaws, introducing more inefficiency and legal uncertainty into U.S. capital markets. Investors today rely on one set of eligibility requirements, procedures, and exclusion standards, regardless of where a company is incorporated. Without Rule 14a-8, a diversified investor like CalPERS would need to track potentially all 50 state legal regimes and the governing documents of thousands of portfolio companies. Many states have little developed law in this area, precisely because the federal rule has filled that role for more than 80 years. Disputes over submission requirements, the validity of bylaw restrictions, and grounds for exclusion would shift from an established administrative process to state courts, where outcomes would be slower, more costly, and inconsistent. We expect this shift to generate significantly more litigation, as shareholders and companies without a uniform federal standard to rely on turn to the courts to resolve disputes that Rule 14a-8's established administrative process currently handles in a consistent, predictable manner. Because state law generally allows boards to amend bylaws without shareholder approval, companies would also be in a position to set and change the terms of shareholder access on their own. These costs would fall on issuers and investors alike, and ultimately on the beneficiaries who depend on efficient markets.

CalPERS is concerned that a complete rescission of the rule would also significantly weaken the fundamental rights of shareholders. For decades, the federal proxy process has been a vital, standardized mechanism for investors to raise material risks and hold corporate boards accountable. Many governance practices now widely accepted in the market began as shareholder proposals that gained support over time. Without Rule 14a-8, shareholders would generally need to fund their own proxy solicitations, which is impractical for most investors and would limit meaningful participation to only a small number of well-resourced parties. In our experience, the availability of the formal process is also what makes informal engagement effective, and many proposals are withdrawn after companies agree to address the underlying concern. Dismantling this framework would not modernize our markets; it would diminish the voice of the actual owners of these companies.

Furthermore, we are concerned that the proposed amendments to Rule 14a-4(c), taken together with rescission of Rule 14a-8, would allow management to vote proxies on shareholder proposals that other shareholders never saw in the company's proxy materials. Expanding discretionary authority in this way should warrant close scrutiny, particularly where the company also determines what appears in those materials.

CalPERS respectfully urges the Commission to withdraw its proposed rescission of Rule 14a-8. If the Commission believes the rule should be updated, we welcome the opportunity to engage on targeted improvements that would preserve a unified federal standard.

Thank you for the opportunity to share our comments. Please do not hesitate to contact Travis Antoniono, Investment Director, Sustainable Investments, at (916) 795-2238, or Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,

Marcie Frost
Chief Executive Officer