



Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors

Administration Policy:

President Trump has issued an Executive Order (EO) [Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors](#) to investigate the influence of proxy advisory firms. The EO states these firms frequently push politically driven agendas, such as diversity, equity, and inclusion (DEI) and environmental, social, and governance policies (ESG), rather than focusing solely on investor returns.

The EO directs the Chairman of the Securities and Exchange Commission (SEC) to review all existing SEC rules, guidance, and policies governing proxy advisors and shareholder proposals. The SEC is instructed to revise or eliminate any rules that conflict with the EO's goal of ensuring proxy advice is focused on financial returns rather than political or social objectives, including rules related to DEI and ESG. The EO also directs the SEC to examine whether proxy advisors should be regulated as investment advisers, whether they should be subject to stronger transparency requirements regarding their methodologies and conflicts of interest, and whether misleading or incomplete proxy recommendations violate securities anti-fraud laws.

The EO directs the Federal Trade Commission (FTC), in coordination with the Department of Justice (DOJ), to examine whether proxy advisory firms are engaging in anticompetitive, deceptive, or unfair practices. This includes reviewing whether their conduct may be linked to antitrust violations, such as collusion, failure to disclose conflicts of interest, providing misleading information, or otherwise harming investors by reducing the value of retirement accounts and other investments.

The EO directs the Department of Labor to review and strengthen fiduciary standards under the [Employee Retirement Income Security Act \(ERISA\)](#) as they apply to proxy advisors and those who influence proxy voting for pension and retirement plans. The EO also directs the Department of Labor to assess whether proxy advisors' practices undermine the financial value of retirement assets and to increase transparency around how proxy advisors influence investment decisions, particularly when political or social considerations are involved.

Background:

- ERISA imposes strict fiduciary standards on those who manage and control plan assets. Fiduciaries must act in the best interest of plan participants and beneficiaries, ensuring prudent management of funds.
- In November, the FTC [opened](#) an investigation into whether two proxy advisory firms violated antitrust laws through their business of guiding shareholder votes on contentious topics.
- A fact sheet from the White House can be found [here](#).