

MEETING MINUTES

Securities and Exchange Commission Investor Advisory Committee Minutes of the Meeting of June 9, 2022

The Investor Advisory Committee (IAC) met on June 9, 2022, in a public meeting held remotely online at <https://www.sec.gov>. The meeting convened at 10:00 am¹ and was broadcast live by webcast. Part 1 of the webcast archive can be found through the IAC web page at https://youtu.be/KqcKnXaI5_0. Part 2 can be found at <https://youtu.be/1VHNai8zmZU>.

The following persons participated in the meeting:

Commissioners of the Securities and Exchange Commission (SEC)

Gary Gensler, Chair
Hester Peirce, Commissioner
Allison Lee, Commissioner
Carolyn Crenshaw, Commissioner

Members of the Investor Advisory Committee

Christopher Mirabile, Chair
Leslie Van Buskirk
Theodore Daniels
Brian Hellmer
Jamila Abston
Cambria Allen-Ratzlaff
James Andrus
Cien Asoera
Rick Fleming
Gina-Gail Fletcher
Elissa Germaine
Colleen Honigsberg
Christine Lazaro
Nancy LeaMond
Lori Lucas
Andrew Park
Sandra Peters
David Rhoiney
Paul Roye
Brian Schorr
Paul Sommerstad
Alice Stinebaugh
Joanne Yoo

¹ All times listed are for the local Washington, DC time.

MEETING MINUTES

Panelists

James Andrus
George Botic
Robert Herz
Colleen Honigsberg
Shehzad Niazi
Jonathan Bailey
Shivaram Rajgopal
Samantha Ross
Cynthia Williams

SEC Staff

Adam Anicich
Marc Sharma

Opening

Chair Mirabile called the meeting to order at 10:00 am and a roll call of members was taken.

Initial Business

Mr. Mirabile welcomed eight new IAC members into their positions. Chair Gensler and Commissioners Peirce, Lee, and Crenshaw offered opening remarks before turning to Mr. Fleming, who reflected on his time on the IAC.

Approval of Minutes

A motion was put forward and seconded to approve the minutes of the IAC meeting held in March 2022. The minutes were approved and subsequently posted to the [IAC webpage](#).

Panel Discussion Regarding Accounting of Non-Traditional Financial Information

Chair Mirabile turned over the floor to Ms. Allen-Ratzlaff to introduce the panel topic and moderate. Ms. Allen-Ratzlaff introduced the panel followed by remarks from each panelist in the order listed below:

- **Shehzad Niazi**, Deputy Chief Counsel, Office of the Chief Accountant, U.S. Securities and Exchange Commission
- **George Botic**, Director, Division of Registration and Inspections, Public Company Accounting Oversight Board (PCAOB)
- **Robert H. Herz**, CPA, FCA, Board Member, Fannie Mae; Former Chairman of the Financial Accounting Standards Board (FASB)
- **James Andrus**, Interim Managing Investment Director, Board Governance and Sustainability, CalPERS

MEETING MINUTES

- **Colleen Honigsberg**, Associate Professor of Law, Stanford Law School

Mr. Niazi opened with an overview and some background on accounting-related rulemaking authority, focusing on provisions of the Securities and Exchange Act. Mr. Niazi used this background to then lay out the modern hierarchy of authority regarding accounting-related rulemaking, explaining that the SEC retains ultimate authority under the Act. A brief Q&A was held after the presentation moderated by Ms. Allen-Ratzlaff.

Mr. Botic offered an overview of the goals and activities of the Public Company Accounting Oversight Board (PCAOB). Mr. Botic focused on the inspection and enforcement actions performed by the PCAOB, discussing how they work and the common expectations involved. A brief Q&A was held after the presentation moderated by Ms. Allen-Ratzlaff.

Mr. Herz began by looking at past advisory committees formed to evaluate corporate financial reporting and suggested that the formation of such a committee might once again be useful. Mr. Herz highlighted some of the ways improvements in technology might have shifted what is possible or convenient for financial reporting. He suggests that corporate reporting could be improved given these developments.

Mr. Andrus discussed whether investors might benefit from including climate and human capital information in corporate financial reporting. He asserts that these disclosures would benefit investors and that regulators, despite arguments to the contrary, have the power to require them.

Ms. Honigsberg opened by noting some of the problems with how labor costs are currently reported. She then noted the difficulty in delineating whether labor costs are being spent on expansion and future productivity rather than on maintenance. She suggests that disclosing such differences would help investors to better understand the structure of the business in which they are investing.

Recess

Chair Mirabile took the Meeting into recess at 12:13 pm.

Afternoon Session

Chair Mirabile called the afternoon session to order at 1:30 pm and asked Mr. Hellmer to introduce the panelists and moderate for the afternoon session.

Panel Discussion Regarding Climate Disclosure

Mr. Hellmer introduced the panel followed by remarks from each panelist in the order listed below:

- **Prof. Cynthia A. Williams**, Professor of Law and Osler Chair in Business Law, York University
- **Prof. Shivaram (Shiva) Rajgopal**, Roy Bernard Kester and T.W. Byrnes Professor of Accounting and Auditing, Columbia Business School
- **Samantha Ross**, Founder, AssuranceMark, the Investors' Consortium for Assurance
- **Jonathan Bailey**, Head of ESG Investing, Neuberger Berman

MEETING MINUTES

Professor Williams discussed the current lack of mandatory reporting standards for climate impact and the SEC's recent rulemaking proposal on the issue. She then discussed the qualitative and quantitative aspects of the proposal and why it might be useful for investors to have this information.

Professor Rajgopal reviewed the recent SEC rulemaking on climate disclosures. Professor Rajgopal discussed the proposed rule in relation to previous iterations. [lost internet connectivity] He returned and continued the presentation after Ms. Ross concluded. Upon continuation, Professor Rajgopal provided his perspective on the proposal and indicated that issuers want the rule and that its costs will be fairly low.

Ms. Ross discussed the broader investing community's response to the climate rule proposal. She explained that investors have long been calling for climate disclosures to be included in financial statements, and the investor response to the proposal has been generally positive.

Mr. Bailey opened by pointing out that the U.S. does not currently have decision-useful, comparable data on climate topics available to the public. He explained the need for such disclosures and cautioned listeners to ensure the uniformity of any new reporting rules.

A Q&A session was held between the panelists and Committee members after each presentation, moderated by Mr. Hellmer.

Discussion of the Recommendation Regarding Older Investor Protections

Chair Mirabile asked Ms. Van Buskirk to present the proposed recommendation that elder investor protection be improved through greater emphasis on the treatment of fraud victims, stronger fraud reporting systems, stronger protection for self-directed IRAs, more encouragement for investors to do their due diligence before hiring a financial professional, stronger fraud detection training for investment professionals, and increased encouragement for investors to designate a trusted contact. Following Ms. Van Buskirk's presentation, she opened up the discussion to additional comments from IAC members.

A motion was put forward and seconded to move for the adoption of the recommendation. A roll-call vote was taken with all members in attendance voting in the affirmative to approve the recommendation.²

Discussion of the Recommendation Regarding Funding for Law School Investor Clinics

Chair Mirabile asked Ms. Germaine to present the proposed recommendation that the SEC support the Investor Justice Act (HR7923), which provides the SEC the authority to establish a grant program for funding law school investor advocacy clinics. Following Ms. Germaine's presentation, she opened up the discussion to additional comments from IAC members.

A motion was put forward and seconded to move for the adoption of the recommendation. A voice vote was taken with all members in attendance voting in the affirmative to approve the recommendation.

Subcommittee Reports

² Ms. Stinebaugh was not in attendance for the vote.

MEETING MINUTES

Chair Mirabile called upon Ms. Allen-Ratzlaff to deliver the report on matters of the Investor as Owner Subcommittee. Chair Mirabile then called upon Mr. Asoera to report on matters of the Investor as Purchaser Subcommittee. Chair Mirabile then called upon Mr. Hellmer to report on matters of the Disclosure Subcommittee. In the absence of a subcommittee chair, Chair Mirabile reported on matters of the Market Structure Subcommittee.

Adjournment

Chair Mirabile adjourned the meeting at 3:24 pm.