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SEC's Uyeda Seeks More ESG Vote Plan Details from Asset Managers

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The Securities and Exchange Commission should consider boosting disclosure requirements for investment firms to divulge information about any ESG proxy voting discussions they have with companies preparing for annual meetings, Commissioner Mark Uyeda said Thursday.

The Republican questioned whether current rules give asset managers too much discretion over what they report—or don't report—on conversations they have with companies about how they intend to vote on directors over environmental, social and governance issues. Most asset managers disclose very little under current SEC regulations, though the companies must report information they give to asset managers, Uyeda said.

"This dichotomy in disclosure obligations between a company and an asset manager seems at odds with a disclosure regime aimed at providing material information to all shareholders," Uyeda said at a Cato Institute financial regulation summit.

- Asset managers can report under the longer Schedule 13D or the shorter Schedule 13G, which is more popular, Uyeda said.
- Firms can use Schedule 13G if their engagements with companies aren't done with the purpose of changing or influencing the control of the businesses.
- Uyeda's remarks came after the SEC on Nov. 2 required mutual funds to provide more detailed disclosures about their votes on ESG issues.