

HOUSE BILL NO. HB0175

Proxy Advisor Transparency Act.

Sponsored by: Representative(s) Smith

A BILL

for

1 AN ACT relating to corporations, partnerships and
2 associations; requiring proxy advisors to disclose when
3 proxy advisory services are not based on a written
4 financial analysis as specified; requiring proxy advisors
5 to disclose when proxy advisory services are based on a
6 written financial analysis as specified; requiring proxy
7 advisors to disclose proxy advisory services on their
8 websites as specified; authorizing the secretary of state
9 to discipline registered investment advisers for violations
10 of the disclosure requirements; providing definitions;
11 providing legislative findings; providing for a penalty;
12 providing for a civil cause of action; making conforming
13 amendments; providing rulemaking authority; specifying
14 applicability; and providing for effective dates.

15

16 *Be It Enacted by the Legislature of the State of Wyoming:*

1

2

Section 1.

3

4

(a) The legislature finds that:

5

6

(i) When shareholders of business entities hire professionals to provide advice in the exercise of their rights as shareholders, the shareholders reasonably expect those services to be performed based on a written financial analysis. The professionals who deviate from that shareholder expectation should clearly disclose that the services provided were not provided based on a written financial analysis;

14

15

16

17

18

19

20

21

22

23

(ii) There is a particular need for disclosures for proxy voting advice because proxy voting advice is often provided for hundreds or thousands of shareholder votes each year and is typically based on lengthy policies that contain general statements that do not explain whether or how any particular recommendation will maximize financial returns for investors for any business entity or shareholders;

1 (iii) Proxy advisors may not conduct a written
2 financial analysis before making recommendations to
3 shareholders despite having proxy voting policies that
4 state the purpose of the recommendation is to maximize and
5 protect shareholder value;

6
7 (iv) Requiring proxy advisors to provide clear,
8 factual disclosures when a recommendation is not based on a
9 written financial analysis is necessary to prevent
10 fraudulent or deceptive trade practices within this state;

11
12 (v) A business entity that is the subject of a
13 shareholder proposal may have information relevant to
14 whether the shareholder proposal is in the shareholders'
15 financial interests, including information regarding the
16 costs of the proposal. Requiring proxy advisors to provide
17 notice to the shareholders would allow the shareholders to
18 help prevent deceptive trade practices associated with
19 proxy advisors making recommendations that are not based on
20 a written financial analysis.

21
22 **Section 2.** W.S. 17-33-101 through 17-33-103 are
23 created to read:

1

2

CHAPTER 33

3

PROXY ADVISOR TRANSPARENCY ACT

4

5

17-33-101. Short title.

6

7

This act shall be known and may be cited as the "Wyoming

8

Proxy Advisor Transparency Act."

9

10

17-33-102. Definitions.

11

12

(a) As used in this act:

13

14

(i) "Company" means a publicly-traded for-profit
business entity;

16

17

(ii) "Company proposal" means any proposal made
by a company to its shareholders that is included in the
company's proxy statement, including but not limited to
director nominations or elections or any proposal relating
to director nominations or elections, executive
compensation, corporate transactions, corporate structure,
auditor selection or company policy on any subject;

23

1

2 (iii) "Default recommendation or policy" means a
3 system, set of rules, principles or guidelines designed to
4 assist with voting decisions on any company proposal or
5 proxy proposal;

6

7 (iv) "Proxy advisor" means a person who, for
8 compensation, provides a proxy advisory service;

9

10 (v) "Proxy advisory service" means any of the
11 following services that are provided to any person in this
12 state or provided in connection with or in relation to a
13 company:

14

15 (A) Advice or recommendations on how to
16 vote on any matter to be voted on by shareholders of a
17 company;

18

19 (B) Proxy statement research and analysis
20 regarding any matter to be voted on by shareholders of a
21 company;

22

1 (C) Development of proxy voting
2 recommendations or policies, including establishing default
3 recommendations or policies.

4

5 (vi) "Proxy proposal" means any proposal made by
6 a shareholder of a company that is included in the
7 company's proxy statement or has been submitted to be
8 included in the company's proxy statement, including but
9 not limited to a proposal related to any of the subjects
10 that could be covered by a company proposal;

11

12 (vii) "Shareholder" includes a shareholder,
13 member, unitholder, limited partner or other equity owner
14 of a company;

15

16 (viii) "Written financial analysis" means a
17 written document that:

18

19 (A) Analyzes the expected short-term and
20 long-term financial benefits and costs to the company
21 implementing a company proposal or a proxy proposal;

22

1 (B) Concludes what vote or course of action
2 is most likely to positively affect shareholder value; and

3

4 (C) Explains the methods and processes used
5 to prepare the written financial analysis, including the
6 experience and geographic location of the personnel who
7 formed the recommendation.

8

9 **17-33-103. Disclosure requirements for proxy**
10 **advisors; penalty; civil cause of action.**

11

12 (a) If a proxy advisor makes a recommendation against
13 company management on a company proposal or a proxy
14 proposal or makes a default recommendation or policy
15 involving votes against company management on company
16 proposals or proxy proposals and the recommendation or
17 default recommendation or policy is not based on a written
18 financial analysis, then the proxy advisor shall provide a
19 disclosure to each shareholder, or other person acting on
20 behalf of a shareholder, receiving the proxy advisory
21 service. For any proxy advisory service as defined in W.S.
22 17-33-102(a)(v)(A) or (B), the proxy advisor shall also
23 provide the disclosure under this subsection to the board

1 of directors of each company that is the subject of the
2 proxy advisory service.

3

4 (b) The disclosure required under subsection (a) of
5 this section shall be provided at the same time and in the
6 same format as the proxy advisory service and shall, in a
7 clear and conspicuous manner:

8

9 (i) Identify the proxy advisory service that is
10 being provided to the person receiving the proxy advisory
11 service;

12

13 (ii) Identify the recommendation against company
14 management on a company proposal or proxy proposal or the
15 default recommendation or policy involving votes against
16 company management on company proposals or proxy proposals;

17

18 (iii) State that the proxy advisor has made the
19 recommendation or default recommendation or policy without
20 doing so based on a written financial analysis that:

21

1 (A) Analyzes the expected short-term and
2 long-term financial benefits and costs to the company
3 implementing the company proposal or proxy proposal;
4

5 (B) Concludes what vote or course of action
6 is most likely to positively affect shareholder value; and
7

8 (C) Explains the methods and processes used
9 to prepare the analysis, including the experience and
10 geographic location of personnel who formed the
11 recommendation or default recommendation or policy.
12

13 (c) Each proxy advisor required to provide a
14 disclosure under subsection (a) of this section shall
15 publicly and in a clear and conspicuous manner disclose on
16 the home page or front page of the proxy advisor's website
17 that the proxy advisor's proxy advisory services include
18 recommendations or default recommendations or policies that
19 are against company management on company proposals or
20 proxy proposals and that are not based on written financial
21 analyses that:
22

1 (i) Analyzes the expected short-term and
2 long-term financial benefits and costs to the company
3 implementing the company proposal or proxy proposal;
4

5 (ii) Concludes what vote or course of action is
6 most likely to positively affect shareholder value; and
7

8 (iii) Explains the methods and processes used to
9 prepare the analysis, including the experience and
10 geographic location of personnel who formed the
11 recommendation or default recommendation or policy.
12

13 (d) If a proxy advisor makes a recommendation against
14 company management on a company proposal or a proxy
15 proposal or makes a default recommendation or policy
16 involving votes against company management on company
17 proposals or proxy proposals and the recommendation or
18 default recommendation or policy is based on a written
19 financial analysis, then the proxy advisor shall provide a
20 disclosure to each shareholder, or other person acting on
21 behalf of a shareholder, receiving the proxy advisory
22 service. For any proxy advisory service as defined in W.S.
23 17-33-102(a)(v)(A) or (B), the proxy advisor shall also

1 provide the disclosure under this subsection to the board
2 of directors of each company that is the subject of the
3 proxy advisory service.

4

5 (e) The disclosure required under subsection (d) of
6 this section shall be provided at the same time and in the
7 same format as the proxy advisory service and shall, in a
8 clear and conspicuous manner:

9

10 (i) Identify the proxy advisory service that is
11 being provided to the person receiving the proxy advisory
12 service;

13

14 (ii) Identify the recommendation against company
15 management on a company proposal or proxy proposal or the
16 default recommendation or policy involving votes against
17 company management on company proposals or proxy proposals;

18

19 (iii) State that the proxy advisor has made the
20 recommendation or default recommendation or policy based on
21 a written financial analysis that:

22

1 (A) Analyzes the expected short-term and
2 long-term financial benefits and costs to the company
3 implementing the company proposal or proxy proposal;
4

5 (B) Concludes what vote or course of action
6 is most likely to positively affect shareholder value; and
7

8 (C) Explains the methods and processes used
9 to prepare the analysis, including the experience and
10 geographic location of personnel who formed the
11 recommendation or default recommendation or policy.
12

13 (iv) State that the written financial analysis
14 is available upon request.
15

16 (f) Upon request by any person who received the
17 disclosure under subsection (d) of this section, a proxy
18 advisor shall make the written financial analysis available
19 in electronic form within a reasonable time.
20

21 (g) A person who violates this section commits an
22 unlawful deceptive trade practice under W.S. 40-12-105.
23

1 (h) In addition to enforcement under subsection (g)
2 of this section, a shareholder, or other person acting on
3 behalf of a shareholder, who received the proxy advisory
4 service at issue or a company that is the subject of the
5 proxy advisory service aggrieved by a violation of this
6 section may bring a civil cause of action against a proxy
7 advisor for a declaratory judgment or injunctive relief in
8 a court of competent jurisdiction. Not later than the
9 seventh day after the date on which an action is brought
10 under this subsection, the plaintiff shall provide written
11 notice by regular mail to the attorney general. The
12 attorney general may intervene in an action under this
13 subsection. Nothing in this subsection shall be construed
14 to limit any remedy available under the Wyoming Consumer
15 Protection Act in W.S. 40-12-101 through 40-12-114.

16

17 **Section 3.** W.S. 17-4-412(d) by creating a new
18 paragraph (xv) and 40-12-105(a) by creating a new paragraph
19 (xviii) are amended to read:

20

21 **17-4-412. Denial, revocation, suspension, withdrawal,**
22 **restriction, condition, or limitation of registration.**

23

1 (d) A person may be disciplined under subsections (a)
2 through (c) of this section if the person:

3
4 (xv) Has violated W.S. 17-33-103.

5
6 **40-12-105. Unlawful practices.**

7
8 (a) A person engages in a deceptive trade practice
9 unlawful under this act when, in the course of his business
10 and in connection with a consumer transaction, he
11 knowingly:

12
13 (xviii) Violates W.S. 17-33-103.

14
15 **Section 4.** This act shall apply to proxy advisory
16 services provided by proxy advisors to shareholders on or
17 after July 1, 2026.

18
19 **Section 5.** The secretary of state shall promulgate
20 rules as necessary to implement this act.

21

1 **Section 6.**

2

3 (a) Except as provided in subsection (b) of this
4 section, this act is effective July 1, 2026.

5

6 (b) Sections 5 and 6 of this act are effective
7 immediately upon completion of all acts necessary for a
8 bill to become law as provided by Article 4, Section 8 of
9 the Wyoming Constitution.

10

11

(END)