December 22, 2015

The Honorable Mary Jo White
Chair
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chair White:

As you know, the President signed the Consolidated Appropriations Act, 2016 into law on December 18, 2015. Section 707 of Division E, Title VII of the law prohibits the Securities and Exchange Commission (SEC) from utilizing fiscal year 2016 funds to finalize, issue, or implement a rule, regulation, or order regarding corporate political spending disclosures.

However, we believe the SEC retains the authority to take important steps to prepare for a rulemaking on this issue. Specifically, this provision does not bar the SEC from discussing, planning, investigating, or developing plans or possible proposals for a rule or regulation relating to the disclosure of political contributions. As such, we expect the SEC to move forward with such plans including, but not limited to, a public roundtable, and other actions to prepare a rule on the disclosure of political contributions. Per that expectation, we will periodically ask for updates on this issue.

We believe that disclosure of corporate political spending has immense value for investors and should be a top priority for the Commission. The ability of corporate executives to spend company resources for political purposes without shareholders’ knowledge raises significant investor protection and corporate governance concerns. Without transparency or disclosure, executives are free to spend funds invested by shareholders without accountability or monitoring.

The Supreme Court’s 2010 Citizens United v. FEC decision fundamentally changed our nation’s campaign finance laws, ruling that corporations should be treated as “persons” under the First Amendment and thus enabling corporate executives to make unlimited expenditures from company treasuries to influence election campaigns. Even before Citizens United, shareholders of many companies sought greater transparency into how executives were using corporate resources for political purposes. Since Citizens United, investor demand has greatly—and justifiably—intensified, as the magnitude of the problem and the potential for abuse has skyrocketed.

Some companies have agreed to voluntarily disclose their political spending, illustrating its feasibility, but many others continue to conceal their political spending from their shareholders and the public. Shareholders of these companies should not be kept in the dark, and their rights must be protected.

To date, more than 1.2 million securities experts, institutional and individual investors, and members of the public have pressed the SEC for a rule requiring public companies to disclose
their political spending. Furthermore, in May of this year, two former SEC Chairs urged the Commission to take action, noting that a rule on corporate political spending disclosures fits squarely within the primary mission of the SEC, which is the protection of investors.

The case for disclosure is clear and convincing—purely as a matter of corporate governance and investor protection. This information is material to how shareholders decide where to invest their money and how to vote in corporate elections. Unfortunately, the SEC has thus far failed to act to promote transparency in the amount of shareholder money public companies are spending to influence elections and government policy. Until the SEC moves forward with this rulemaking, investors will continue to be left in the dark with no way of knowing whether executives are spending funds on political causes or campaigns that may be directly adverse to shareholders’ interests.

We expect the SEC to weigh seriously the importance of this issue and use its resources, within the confines of the Consolidated Appropriations Act, 2016, to prepare for a rulemaking requiring public companies to disclose their political spending to shareholders.

We appreciate your attention to this matter.

Sincerely,

Robert Menendez
United States Senator

Jeff Merkley
United States Senator

Michael E. Capuano
Member of Congress

Elizabeth Warren
United States Senator

Charles E. Schumer
United States Senator

Chris Van Hollen
Member of Congress
Jack Reed
United States Senator

Kirsten Gillibrand
United States Senator

Al Franken
United States Senator

Mazie K. Hirono
United States Senator

Sheldon Whitehouse
United States Senator

Richard Blumenthal
United States Senator

Tammy Baldwin
United States Senator

Richard J. Durbin
United States Senator

Tom Udall
United States Senator

Ron Wyden
United States Senator

Patrick J. Leahy
United States Senator

Brian Schatz
United States Senator

Sherrod Brown
United States Senator

Michael F. Bennet
United States Senator