



California Corporate & Securities Law

Pension Funds And Fund Sponsors Promote Agenda To SEC

By Keith Paul Bishop on February 21, 2012

In *Wood v. General Motors Corp.*, 865 F.2d 395 (1st Cir. 1988), Judge Levin Campbell gave this definition of “agency capture”

“Agency capture,” as explained by legal scholars, is the undesirable scenario where the regulated industry gains influence over the regulators, and the regulators end up serving the interests of the industry, rather than the general public.

While it is true that the classic theory of agency capture focuses on capture by the regulated industry, other interests may try to capture an agency’s regulatory agenda as well.

Last week, a group of 14 pension funds and fund sponsors wrote this [letter](#) to the Securities and Exchange Commission. The group is promoting the following six initiatives:

- Revival of the Investor Advisory Committee and appointment of the Investor Advocate.
- Renewal of rule making for universal proxy access.
- Adoption of final rules on the remaining executive compensation reforms under the Dodd-Frank Wall Street Reform and Consumer Protection Act;
- Continuation of work on International Financial Reporting Standards.
- Provision of an accountable and transparent ratings system.
- Integration of relevant environmental, social, governance (otherwise known as sustainability issues) and diversity reporting into financial reporting frameworks.

While in college, I had the good fortune to meet Chief Judge Levin Campbell of the First Circuit Court of Appeals. At the time, I had no thought of law school and only vaguest notion of what a federal circuit court judge did. Nonetheless, two common life experiences linked us – we had attended the same high school and college (although decades apart). Thus, coming across an opinion by Judge Campbell never fails to re-awaken fond memories.

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