BILL NUMBER: H.R. 9732 (Casten-IL) as introduced July 16, 2026

SUMMARY

H.R. 9732 directs the Securities and Exchange Commission (SEC) to require issuers with two or more classes of voting securities to disclose shareholder meeting vote results disaggregated by voting class, as specified.

BOARD POSITION

Support. The board's policy is to support legislation that is consistent with the investment policy adopted by the board. According to the CalSTRS Corporate Governance Principles, CalSTRS supports the one-share, one-vote principle and does not support voting structures in which voting rights are not aligned with economic interests. Companies with existing unequal voting structures should disclose and implement processes to move to a one-share, one-vote structure.

REASON FOR THE BILL

According to the sponsor, the shareholder proposal process enables investors to engage in meaningful dialogue with the companies that they own, and this bill would help investors understand exactly how multi-class stock structures are impacting their rights as shareholders.

ANALYSIS

Existing Law:
Under Section 14 of the Securities Exchange Act of 1934, the SEC adopted Regulation 14A (17 C.F.R. § 240.14a), which requires issuers to disclose, prior to a shareholder meeting, the number of shares outstanding and the number of votes to which each class of voting securities is entitled under Schedule 14A, Item 6(a). Following a shareholder meeting, Form 8-K Item 5.07 requires issuers to report aggregate vote totals for each matter submitted to a vote within four business days but does not require disaggregation of results by share class. While Regulation S-K Items 202 and 403 require description of voting rights and beneficial ownership by class, neither provision requires disclosure of the divergence between economic ownership and voting power on a per-proposal basis.

This Bill:

- Directs the SEC to require an issuer with two or more classes of voting securities, with respect to each meeting during which the shareholders vote as one class, to disclose the following:
  - The total number of votes cast for, against or withheld, disaggregated by class of voting security held.
  - The total number of abstentions and broker non-votes, disaggregated by class of voting security held.

Discussion
CalSTRS has worked for many years to end multi-class share structures, and in instances where multi-class shares exist, we advocate that they have a reasonable sunset period. The vast majority of companies operate their share class structures with a one-vote, one-share principle; however, in recent years, an increasing and concerning number of companies have launched their initial public offerings with a multi-class share structures. Disclosure of shareholder meeting vote results

disaggregated by voting class would allow shareholders to assess whether the economic majority is being overridden by a controlling voting class, thereby improving market transparency and accountability for companies with unequal voting structures.

In multi-class share structures, controlling shareholders hold a disproportionate share of voting power relative to their economic interest, as their shares carry superior voting rights per share. This allows a voting minority to determine outcomes despite the votes of the economic majority. Current SEC proxy disclosure rules do not require public companies to break down vote results by share class, leaving shareholders with no visibility into how each class voted on a given proposal.

As more companies go public with unequal voting rights, corporate governance standards will erode. Shareholder votes provide important checks and balances in the relationship between investors and issuers, particularly for investors that use passive investment strategies for significant portions of their portfolios and cannot simply avoid purchasing multi-class stock companies. Disproportionate founder control presents substantial risk of impeding strategic and managerial changes in circumstances where change is critical to ensure long-term performance. H.R. 9732 would make the extent of influence that controlling shares possess over vote results visible and would not substantially change how multi-class share companies operate or require them to alter their class structure.

PROGRAM BACKGROUND

CalSTRS Investment Policy Statement

The Investment Policy Statement serves as the framework in the planning and implementation of the CalSTRS investment program. This document sets forth the investment philosophy of the Investment Committee and provides the foundation for governance, decisions, objectives and risks associated with managing the portfolio.

Corporate Governance Principles

CalSTRS leverages its influence as a global investor to promote sustainable business practices and public policies that support long-term value creation. The Corporate Governance Principles lay the foundation for all the activities of CalSTRS' Stewardship program and are based on what CalSTRS believes are best practices in the marketplace. The activities governed by these principles include corporate engagements, proxy voting and market-wide efforts to mitigate risks to the portfolio.

Investor Coalition for Equal Votes

The Investor Coalition for Equal Votes (ICEV) is an international investor coalition founded in 2022 by Railpen, the Council of Institutional Investors and several large U.S. pension funds. Its membership has since grown to include global institutional investors with a combined $4.5 trillion in assets under management. CalSTRS joined the group in late 2023. The coalition's central mission is to advocate for one-share, one-vote capital structures. ICEV's work focuses on a few broad areas, including pre-market engagement, advisor and intermediary outreach, and policy and regulatory engagement.

FISCAL IMPACT

Program Cost – None.

Administrative Costs/Savings – None.

SUPPORT

CalSTRS
Council of Institutional Investors

OPPOSITION

None known.

ARGUMENTS

Pro: Improves market transparency and accountability for companies with unequal voting structures.

Advances CalSTRS’ ability to engage with multi-class share companies.

Promotes fair and efficient financial markets that encourage participation of investors.

Con: May create an administrative burden for multi-class share companies disclosing shareholder meeting results.