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## REGULATING PROXY ADVISORS IN INDIA – A NEED TO IRON OUT THE CREASES

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### ABSTRACT<sup>1</sup>

*The corporate governance structure in India has evolved over the years owing to the role played by shareholders in the working of a company. Shareholder holding equity shares of any company reflects more than an investment-return relationship and plays a key role in decision making. The voting rights exercised by shareholders are quintessential in deciding the current and shaping the future business of the company. However, exercising such rights requires expertise in corporate governance which not all shareholders possess. This has led to the emergence of Proxy Advisors: expert service providers in corporate affairs. Proxy advisory firms provide advisory services to the shareholders, advising them on voting their shares at a shareholder meeting on different agendas. The functioning of proxy advisors is either unregulated or nearly regulated across several jurisdictions via codes and circulars. In India, proxy advisors have enjoyed an independent legal status with minimal compliances. However, lately, the role of proxy advisors has raised several flags highlighting discrepancies in the current corporate governance structure. By the very nature of the business of proxy advisors, there is a possibility that these firms may end up controlling the governance of any company. The recommendations provided by proxy advisors are capable of being extended in self-interest, thereby leaving them in the shoes of the shareholders. This could force the management of the company to opt for unconventional business plans and could also be detrimental to collective shareholder interest. The recent reforms in the corporate governance regime in India have redefined the roles of proxy advisors to the extent of supervision and regulation. Therefore, it is of paramount importance to ponder upon the practices and regulation of proxy advisors in the current scenario.*

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## I. INTRODUCTION

Holding equity shares of any company is more than an investment-return relationship. Apart from ensuring dividends, equity shares empower or rather entrust the shareholders with the imperative responsibilities such as the appointment of directors, the appointment of auditors and most importantly voting rights that ultimately leads to crucial corporate decision making. However, exercising such rights and powers requires expertise in corporate governance which not all shareholders possess. Moreover, sometimes there can be a situation when a person holding an inconsequential number of shares of a company chooses to forego or delegate these responsibilities.

It is in such circumstances, that the role of 'proxy advisory firms' takes the centre stage. Proxy advisory firms provide advisory services to the shareholders, advising them on voting their shares at a shareholder meeting on different agendas. Furthermore, shareholders may appoint such proxy advisors to cast votes on their behalf which are commonly known as 'proxy votes.'

*Prima facie* proxy advisors may seem to be self-regulated just like any other service provider firm. However, delving a bit deeper suggests otherwise. By the very nature of the business of proxy advisors, there is a possibility that these firms may end up controlling the governance of any company. This is because the shareholders tend to follow the recommendations of the proxy advisors. Since the individual retail investor holds a negligible number of shares, the threat becomes much more serious when the institutional investors such as mutual funds and assets management companies who hold a substantial number of shares of any company, hire the services of the proxy advisors. In such a situation, it is the proxy advisor firms who indirectly influence the corporate decision making which ideally should be the job of the shareholders.

The effect of standing in the shoes of the shareholders can have serious consequences in corporate governance. Even though the only objective of the proxy advisory firms while making the recommendations should be the value maximization of the shareholder, it is plausible that their recommendations do reflect other considerations of personal interest. It is in this light, the authors in this paper have first highlighted the oddity nature of the proxy advisory business model considering recent instances. The various regulations in force governing the proxy advisors including the recent Circulars issued by the Securities and Exchange Board of India ("SEBI") dated 03.08.2020 and 04.08.2020 lays down the procedural guidelines as well as grievance

redressal forum. The paper highlights the key provisions of regulations governing the proxy advisors in parallel jurisdictions such as the US and Europe in the backdrop of drawbacks in the Indian regime of governing proxy advisors. Lastly, this paper discusses some possible suggestions and measures that can be adopted by the SEBI in safeguarding the interest of all the stakeholders in corporate governance.

## II. UNDERSTANDING THE ODD NATURE OF THE PROXY ADVISORY BUSINESS MODEL

It would be the biggest fallacy to consider the proxy advisory firms with just any other service provider firms. As discussed above, by the very nature of the business of proxy advisors, there is a possibility that it can end up owning and controlling the governance of any corporate entity. This is because a single advisory firm may have multiple clients including different institutional investors as well as retail investors. The very reason all these clients choose to avail the services of proxy advisors that too at exorbitant prices, is the faith in the expertise of such proxy advisors in the field of corporate governance. It is, therefore, any recommendations made by such firms, the shareholders tend to follow such recommendations and hence if many retail, as well as institutional investors of a corporate entity, are following the recommendations of a single advisory firm, the effect would be that such firms itself are making the governance decision for the respective corporate entity. For instance, in the United States, Institutional Shareholder Services (ISS) and Glass Lewis are the two major proxy advisory firms, which when combined, controls approximately 97% of the proxy advisory market and consequently, these two firms end up controlling nearly 38% of shareholder votes in the US. It is estimated that based on suggestions and recommendations of these two firms, a total of around 600 billion shares voted at about 13,000 shareholder meetings in 2019.<sup>2</sup> Keeping aside this odd nature of the business of proxy advisors, this monopoly enjoyed by them in the market further makes these firms so powerful that they can serve akin to quasi-regulators to capital markets.

For an instance, on September 3, 2001, two IT tech companies Hewlett-Packard (“**HP**”) and Compaq announced a mega-merger creating an \$87 billion global technology leader.<sup>3</sup> Key

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<sup>2</sup> Ike Brannon, Diminishing the Power of Proxy Advisory Firms, (Nov. 10, 2020, 3:44PM), <https://www.sec.gov/comments/s7-22-19/s72219-6702944-206071.pdf>.

<sup>3</sup> Hewlett-Packard, Press Release dated 03.09.2001, (Nov. 10, 2020, 10:44PM), <https://www8.hp.com/us/en/hp-news/press-release.html?id=230610>.

shareholders of HP decided to oppose the deal including the Packard Foundation which held more than 10% of HP's shares. The heirs of the founding HP families also opposed the merger making a total dissent of roughly 18% of HP's shares. Despite this, both the companies were successfully merged. The credit goes to the ISS recommendation in favour of the merger to the large money managers who controlled about 23% of HP's outstanding shares.<sup>4</sup> It was observed that recommending in favour of the merger despite the declining value of the HP was not in alignment with the interests of value-maximizing HP shareholders.<sup>5</sup>

Recently, India has also witnessed the increased role of proxy advisors in corporate governance. The ongoing tussle between the Ratan Tata and Cyrus Mistry factions at the Tata Group is a fine example and a perfect opportunity to assess the influence that the proxy advisors have on such decisions. For heading one of the biggest industrial chains in India, proxy advisory firm InGovern Research Services Pvt. Ltd has recommended the minority shareholders of Tata group companies for the removal of Cyrus P. Mistry as director from the board of the operating companies and to vote against the resolution as Tata Sons Ltd hasn't provided "*any compelling reasons*".<sup>6</sup>

In India also, the proxy advisory business is controlled and owned by a handful of institutions namely Institutional Investor Advisory Services India Limited ("**IiAS**"), Stakeholders Empowerment Services ("**SES**"), Institutional Shareholder Services India Private Limited ("**ISSIPL**"), InGovern Research Services Private Ltd ("**IRSPL**") and hence it becomes much more important to understand the legal position in India regulating such firms.

### III. PROXY ADVISORS: LEGAL POSITION IN INDIA

#### *i. SEBI (Research Analyst) Regulations, 2014*

In India, the services rendered by proxy advisors are governed by the SEBI (Research Analyst) Regulations, 2014<sup>7</sup> ("**the Regulations**"). The provisions of the Regulations primarily dealing with

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<sup>4</sup> Luisa Beltran, ISS Back HP-Compaq Merger, CNN Money, (Nov. 11, 2020, 1:10 PM), [http://money.cnn.com/2002/03/05/deals/iss\\_hp/index.htm](http://money.cnn.com/2002/03/05/deals/iss_hp/index.htm).

<sup>5</sup> Ibid.

<sup>6</sup> Sapna Agarwal, InGovern tells shareholders to vote against Tata resolution to remove Mistry, (Nov. 12, 2020, 09:40 PM), <https://www.livemint.com/Companies/IjX79ZEzxsCVUmWgQTMDgK/Vote-against-resolution-to-remove-Cyrus-Mistry-InGovern-tel.html>.

<sup>7</sup> SEBI (Research Analyst) Regulations, 2014, [https://www.sebi.gov.in/legal/regulations/sep-2014/sebi-research-analysts-regulations-2014\\_27895.html](https://www.sebi.gov.in/legal/regulations/sep-2014/sebi-research-analysts-regulations-2014_27895.html).

the research analyst apply *mutatis mutandis* to the proxy advisors. A proxy advisor as per the Regulation is any person ‘*who provides advice*’, in any form or manner, ‘*to institutional investor or shareholder of a company*’. The nature of advice so provided is defined to include ‘*recommendations on public offer or voting recommendation on agenda items.*’

As per the Regulations, every proxy advisory firm is required to obtain a certificate of registration from SEBI before commencing its business. In addition to the general requirement of disclosure of internal policies, limitation on publication of research reports and recommendations, the Regulation requires specific disclosures by proxy advisors. As per Regulation 23, proxy advisors are additionally required to disclose – i) *the extent of research involved in a recommendation*, and ii) *policy and procedure for interacting with issuers*.

## ii. Code of Conduct

The nature of advice provided by proxy advisors has a significant impact on the working of the company. Since voting recommendations issued by these firms affect the shareholder's interest they must be issued with due diligence. Regulation 24(2) subscribes to a Code of Conduct (“CoC”) for the entities undertaking research activities. Accordingly, a proxy advisor is bound by the CoC to act honestly and in good faith. A proxy advisor while conducting research has to act with due skill and care, ensuring a thorough analysis while preparing the report. The employees of the firm are required to maintain confidentiality as to the report and showcase the utmost professional standards. The key responsibility as to regulatory and legal compliance is attached to the senior management of the firm. Facts as to conflict of interest are required to be disclosed to avoid impartiality. The CoC though endeavours to prescribe the best market practices but were found to be not sufficient to regulate the functioning of proxy advisors.

## iii. Working Group on Proxy Advisors

To review the functioning of the proxy advisors SEBI formed a Working Group in 2018. In 2019, the Working Group submitted its report suggesting key changes.<sup>8</sup> The report initially recognized proxy advisors as a *heterogeneous mix* with no single business model. Further, the report of the working group finds that the impact of proxy advisors on corporate governance has

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<sup>8</sup> Security Exchange Board of India, Report of the Working Group on proxy Advisors, [https://www.sebi.gov.in/reports/reports/jul-2019/report-of-working-group-on-issues-concerning-proxy-advisors-seeking-public-comments\\_43710.html](https://www.sebi.gov.in/reports/reports/jul-2019/report-of-working-group-on-issues-concerning-proxy-advisors-seeking-public-comments_43710.html).

been mostly positive. Proxy advisors have not only enabled domestic investors to make voting decisions in a short period but has only helped foreign investors to make the informed exercise of their voting rights. The role of proxy advisors has encouraged shareholder activism forcing companies to adopt higher disclosure norms.

However, the report points out certain downsides to the practices adopted by the proxy advisor. One such downside is robo-voting i.e. strict voting by investors based on the advice provided by the proxy advisory firm without any application of mind. Incidences of robo-voting delegate excessive powers in the hands of the proxy advisors. It also forces the companies to adopt policies, to the like of these firms. The firms are also found to be reluctant of the factual errors in their reports which also impacts the voting outcomes. The Working Group based on its research recommended that no additional regulation is required *vis-à-vis* proxy advisors. It further recommended that SEBI should provide for a grievance redressal procedure for the companies and a CoC for proxy advisors on a *comply or explain* basis.

*iv. SEBI Circulars dated 03rd August 2020 and 04th August 2020*

On 3rd August 2020, SEBI issued a circular laying down *Procedural Guidelines for Proxy Advisors*.<sup>9</sup> As per the circular, proxy advisors are required to formulate their voting recommendation policies and review the same annually. They are also required to alert the clients regarding factual errors and material revision in the report within 24 hours. Further, a proxy advisory firm has to share its report with the client and the company both, and each advisory document must disclose conflict of interest. A proper sharing policy is required to be framed by the firm to provide timelines for comments/clarifications from the company. Any comment so received is required to be included as an addendum to the report. The guideline is framed keeping in mind the recommendations of the working group and is framed to promote transparency and accountability on the part of proxy advisory firms.

Further, SEBI vide its circular dated 04th August 2020,<sup>10</sup> provided for a grievance resolution between listed entities and the registered proxy advisors. A listed company may approach the SEBI

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<sup>9</sup> SEBI, Circular No.: SEBI/HO/IMD/DF1/CIR/P/2020/147, (Nov. 10, 2020, 4:44 PM), [https://www.sebi.gov.in/legal/circulars/aug-2020/procedural-guidelines-for-proxy-advisors\\_47250.html](https://www.sebi.gov.in/legal/circulars/aug-2020/procedural-guidelines-for-proxy-advisors_47250.html).

<sup>10</sup> SEBI, Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2020/119, (Nov. 10, 2020, 5:00 PM), [https://www.sebi.gov.in/legal/circulars/aug-2020/grievance-resolution-between-listed-entities-and-proxy-advisors\\_47252.html](https://www.sebi.gov.in/legal/circulars/aug-2020/grievance-resolution-between-listed-entities-and-proxy-advisors_47252.html).

for non-compliance by a proxy advisor of the provisions of the CoC under Regulation 24(2) read with Regulation 23(1) of the 2014 Regulations and the procedural guidelines for proxy advisors. The grievance resolution by SEBI could be considered as a major relief for the listed companies who were otherwise intimidated by the growing influence of the proxy advisors. The new framework laid down in the above SEBI circulars is mandatory to be complied with by the proxy advisory firms in India. The grievance resolution process though provides an opportunity to approach SEBI for the non-compliance of regulations by proxy advisors but is silent on the expected repercussions for such non-compliance.

#### IV. REGULATION OF PROXY ADVISORS IN PARALLEL JURISDICTIONS

##### *i. Considering 'Recommendation' as 'Solicitation' – The US Approach*

The primary regulation governing proxy advisors in the US is the Investment Advisors Act, 1940 (“**Advisors Act**”). It prescribes the adoption of such policies and procedures which ensures that the recommendations are in the best interests of the shareholders.<sup>11</sup> Meaning thereby, there should be no conflict of interest between the company and the shareholders. Moreover, the US Securities and Exchange Commission (“**SEC**”) outrightly prohibits the advisors to rely on the recommendations and advice of a third-party proxy advisor.

Last year on August 21, 2019, SEC issued two new guidances: *Commission Guidance Regarding Proxy Voting Responsibilities of Investment Advisers* and *Commission Interpretation and Guidance Regarding the Applicability of the Proxy Rules*. Through these two guidances, SEC brought in some major changes regarding the role of proxy advisors in the proxy voting process which tries to make the proxy advisory firms more accountable. This includes two major highlighting points. Firstly, SEC made it clear that any recommendation made by a proxy advisor would be considered a solicitation under the federal proxy rules.<sup>12</sup> Secondly, the SEC clarified its

<sup>11</sup> Investment Advisor’s Act, 1940, Rule 206(4)-6.

<sup>12</sup> Commission Interpretation and Guidance Regarding the Applicability of the Proxy Rules, (Nov. 10, 2020, 3:00 PM), <https://www.sec.gov/rules/interp/2019/34-86721.pdf>.

view of the policies and procedures investment advisors should adopt to better fulfil their fiduciary duties to clients.<sup>13</sup>

Again, on July 22, 2020, SEC adopted new amendments to the proxy rules.<sup>14</sup> It also published new supplementary guidance<sup>15</sup> to investment advisers addressing how advisers should consider company responses in light of the new amendments to the proxy rules. Through this recent amendment, the SEC amended the definition of ‘solicitation’ in Rule 14a-1(l) of the Federal Proxy Rules, which now reads as “to codify its longstanding view that proxy voting advice generally constitutes a solicitation within the meaning of Section 14(a) of the Exchange Act.”

This interpretation of ‘recommendation’ of the proxy advisors as ‘solicitation’ is a key step in the right direction taken at right time. It would enable the SEC to subject the proxy advisory opinions to the antifraud provisions under Rule 14a-9, which extends to “opinions, reasons, recommendations or beliefs.” Moreover, the amended Rule 14a-9 will further prohibit any solicitation containing false or misleading statements or omitting a material fact.

#### ii. The ‘Comply or Explain’ - European Union Approach

For nations forming the part of the European Union, there is currently no umbrella regulation that applies directly to the proxy advisors. However, the EU provides a framework for the exercise of voting rights by several institutional investors. Undertakings for Collective Investment in Transferable Securities management companies as per a 2010 Directive<sup>16</sup> required to ensure the formulation of effective voting policies for the exercise of voting rights within a managed portfolio. The policy requirement may have a parallel application to Alternative Investment Fund Managers.

Additionally, a review of the domestic regulations of the individual member states reflects well-established corporate governance standards applicable to issuers. A common principle of corporate governance – comply or explain approach, is well recognized among several EU jurisdictions. The ‘comply or explain’ approach enables the issuer company to adopt corporate

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<sup>13</sup> Commission Guidance Regarding Proxy Voting Responsibilities of Investment Advisors, (Nov. 10, 2020, 3:30 PM), <https://www.sec.gov/rules/interp/2019/ia-5325.pdf>.

<sup>14</sup> <https://www.sec.gov/rules/final/2020/34-89372.pdf>.

<sup>15</sup> <https://www.sec.gov/rules/policy/2020/ia-5547.pdf>.

<sup>16</sup> Commission Directive 2010/43/EU of 1 July 2010, (Nov. 10, 2020, 3:44 PM), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32010L0043>.

governance standards in a manner that is effective & reflective of their business model. On the other hand, it enables the investors, to monitor the ways those standards have been applied.

Within the EU jurisdiction issuing board members are required to adhere to the codes of corporate governance. Where a particular governance structure is adopted, the board is accountable to the shareholders for its efficiency. However, the responsibility as to voting decisions and risk management vests with the investor company.<sup>17</sup> The comply or explain model of the EU in principle has played a guiding role in the development of proxy advisory regulations in India.

*iii. Proxy Advisors (Shareholders Rights) Regulations 2019*

The Proxy Advisors (Shareholders Right) Regulations 2019,<sup>18</sup> mandates proxy advisory firms registered in the UK to disclose the code of conduct observed by them. It endeavours to establish a penalty-based regime, allowing any person to file a complaint with the Financial Conduct Authority (“FCA”) for non-compliance by a proxy advisory firm. The FCA is accordingly required to provide for the procedural and policy statement vis-à-vis the imposition of penalty. However, before imposing any penalty FCA is required to serve a warning notice to the proxy advisory firm, enabling it a chance to make representations. The impugned penalty-based regime has been crucial in deterring proxy advisors from indulging in fraudulent and misleading recommendations, thereby boosting confidence among shareholders. Furthermore, the complaint redressal mechanism under the FCA increases market scrutiny for proxy advisors and provides for a quick grievance resolution.

*iv. UK’s Stewardship Code (2020)*

The UK Stewardship Code 2020<sup>19</sup> (“the Code”) contains a revised set of principles for asset managers and service providers. Under the Code, there are six principles applicable to proxy advisory firms. Principle 1 (for service providers) of the Code provides that signatories to the Code are required to disclose the purpose and strategy of the services undertaken by them. Service providers including proxy advisors are expected to put the best interest of the client first while

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<sup>17</sup> Discussion Paper An Overview of the Proxy Advisory Industry. Considerations on Possible Policy Options, (Nov. 10, 2020, 3:50 PM) <https://www.esma.europa.eu/sites/default/files/library/2015/11/2012-212.pdf>.

<sup>18</sup> The Proxy Advisors (Shareholders Right) Regulations 2019, (Nov. 12, 2020, 3:44 PM), [https://www.legislation.gov.uk/ukxi/2019/926/pdfs/ukxi\\_20190926\\_en.pdf](https://www.legislation.gov.uk/ukxi/2019/926/pdfs/ukxi_20190926_en.pdf).

<sup>19</sup> The UK Stewardship Code 2020, available at, [https://www.frc.org.uk/getattachment/5aae591d-d9d3-4cf4-814a-d14e156a1d87/Stewardship-Code\\_Dec-19-Final-Corrected.pdf](https://www.frc.org.uk/getattachment/5aae591d-d9d3-4cf4-814a-d14e156a1d87/Stewardship-Code_Dec-19-Final-Corrected.pdf).

sharing recommendations.<sup>20</sup> The Code establishes the principle of effective communication between the proxy advisory firm and the client. The firms are required to explain and disclose the client's feedback and views concerning the advisory services rendered by them. The feedback mechanism from the clients is unique to the Code and helps in ensuring transparency and accountability. However, the Code is of guiding nature and lacks mandatory application.

v. *The Dutch Corporate Governance Code (2016)*

The Dutch Corporate Governance Code incorporates a specific provision for shareholders and their engagement with proxy advisors. Provision 4.3.1 states that a shareholder should exercise his voting rights in a manner as it deems fit. A shareholder indulging in voting advice of a third party is expected to form his judgement on the voting policy or the advice so provided.<sup>21</sup>

vi. *Canada*

In a recent development, the Canadian Securities Administrators ("CSA") adopted *National Policy 25-201 Guidance for Proxy Advisory Firms* ("the Policy").<sup>22</sup> The Policy provides that the proxy advisory firms are required to maintain policies and procedures to mitigate the actual or potential conflicts of interest that could influence research, analysis, or voting recommendations. Policies or processes so adopted must be regularly evaluated to ensure they remain appropriate and legally compliant. Further, the hiring of an individual by a proxy advisory firm is to be done keeping in mind the skill and experience required in the formulation of voting recommendations. The Policy encourages proxy advisory firms that their proxy voting guideline should avoid a "one-size-fits-all" approach.

## V. SUGGESTIONS AND CONCLUSION

The concept of proxy advisors in India was developed only in 2010 after a SEBI circular on mutual funds and is still in its nascent stage. Over the years, they have rendered quintessential assistance to shareholders through corporate expertise and in-depth research on the exercise of voting rights. At the same time, the aspersions of proxy advisors standing in the shoes of shareholders and controlling the company cannot be ruled out. The current regulatory framework

<sup>20</sup> Principle 3, The UK Stewardship Code 2020.

<sup>21</sup> Dutch Corporate Governance Code, 2016, available at, <https://www.mccg.nl/download/?id=3367>.

<sup>22</sup> CSA Notice of Publication – National Policy 25-201 Guidance for Proxy Advisory Firms, available at, [https://www.osc.gov.on.ca/en/SecuritiesLaw\\_csa\\_20150430\\_25-201-proxy-advisory.htm](https://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20150430_25-201-proxy-advisory.htm).

though ensures checks and balances upon the proxy advisors; however, it fails drastically in imputing liability for ethical and legal misconduct.

As stated above, in the recent circular dated 04th August 2020,<sup>23</sup> SEBI provides a ‘grievance resolution’ clause between listed entities and the registered proxy advisors. What is noteworthy here is that only the listed companies have been given the option to approach SEBI for non-compliance by a proxy advisor. Though this grievance resolution is a much-needed step from SEBI but limiting it only to the listed companies rings the alarming bell. Since it is not only the companies who are aggrieved by the non-compliances of proxy advisors but also the shareholders. Shareholders voting on the recommendation of the proxy advisors which is motivated by the personal interest or factual inaccuracy have no remedy at their disposal. The validity of votes so cast also suffers from legal limbo.

Moreover, there is a lack of any liability provision for the misconduct of proxy advisory firms. It is time that SEBI draws inspiration from major parallel markets such as the US and EU who have periodically revamped the corporate governance structure surrounding proxy advisory business. By interpreting the ‘recommendation’ of the proxy advisors as ‘solicitation’, the US had made sure that any misleading recommendation of the proxy advisors does not go unpunished as any misleading solicitation in the US can be very well prosecuted under anti-fraud provisions. Similarly, a penalty based regulatory framework in the EU establishes a liability regime for any non-compliance by a proxy advisor.

Further, SEBI needs to demarcate the consulting services provided by proxy advisory firms to limited companies & the voting recommendations rendered by it to the shareholder of that company. Mere disclosure of conflict of interest is not enough to cure the potential partiality & vested interest of proxy advisors in the recommendations they provide. Recommendations suffering from ulterior motives of proxy advisory firms can hamper the best interest of the shareholders. Thus, all the stakeholders must come together to establish a more transparent & effective corporate structure for proxy advisors. In India, proxy advisors could play an inclusive

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<sup>23</sup> SEBI, Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2020/119, (Nov. 13, 2020, 3:00 PM), [https://www.sebi.gov.in/legal/circulars/aug-2020/grievance-resolution-between-listed-entities-and-proxy-advisers\\_47252.html](https://www.sebi.gov.in/legal/circulars/aug-2020/grievance-resolution-between-listed-entities-and-proxy-advisers_47252.html).

role by encouraging the shareholders to consciously exercise voting rights. The only requirement being that such recommendation should be a reflection of best market & regulatory practices.

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