

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

Senate Bill 417

**FISCAL
NOTE**

By Senator Rucker

[Introduced January 15, 2026; referred
to the Committee on Banking and Insurance; and
then to the Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new article,
2 designated §46A-9-1, §46A-9-2, §46A-9-3, §46A-9-4, §46A-9-5, and §46A-9-6, relating to
3 creating the Proxy Advisor Transparency Act; providing legislative findings; creating
4 definitions; setting out disclosure requirements; providing for enforcement; setting an
5 effective date; and providing a severability provision.

Be it enacted by the Legislature of West Virginia:

ARTICLE 9. PROXY ADVISOR TRANSPARANCY ACT.

§46A-9-1. Legislative Findings.

1 The State of West Virginia finds as follows:

2 (1) When shareholders hire professionals to manage investments, they reasonably expect
3 that the service provider will perform those services in the financial interest of the shareholders,
4 and that the service provider will make recommendations based on financial analysis of what
5 actions would enhance investment value.

6 (2) There is a particular need for disclosures for proxy voting advice because that advice is
7 often provided for hundreds or thousands of shareholder votes each year, and few investors have
8 the resources to research every shareholder vote, so investors often use proxy advisors for
9 guidance on how to exercise fiduciary duties.

10 (3) Many companies hire proxy advisors pursuant to the Department of Labor's long-
11 standing conclusion that, under the Employee Retirement Income Security Act, the "fiduciary
12 obligations of prudence and loyalty to plan participants and beneficiaries require the responsible
13 fiduciary to vote proxies on issues that may affect the value of the plan's investment."

14 (4) Directors of publicly-held companies owe fiduciary duties to shareholders, and make
15 recommendations in line with those fiduciary duties.

16 (5) Nevertheless, proxy advisors have recommended votes against company
17 management, including votes for shareholder proposals related to environmental, social, or
18 governance (ESG) issues; diversity, equity, or inclusion (DEI) issues; and social credit and

19 sustainability scores; but have not disclosed to clients that the recommendations were made
20 without conducting a financial analysis to determine how these votes would affect shareholder
21 value.

22 (6) In fact, the chief operating officer of Glass Lewis, a major proxy advisor, stated under
23 penalty of perjury that Glass Lewis does not conduct a written financial analysis before
24 recommending votes on shareholder proposals, and that other proxy advisors do not do so either.
25 Yet proxy advisors have advertised that the purpose of their recommendations is maximizing,
26 increasing, or protecting shareholder value.

27 (7) These facts raise concern that proxy advisors are engaged in fraudulent or deceptive
28 practices and are not disclosing material information to their clients, who otherwise would
29 reasonably believe that they are choosing between recommendations of management and a
30 proxy advisor that are based on dueling financial analyses.

31 (8) Investors purchasing proxy voting services should be informed when recommendations
32 against management are or are not being based on financial analyses that consider the effect on
33 the value of the plan's investment. Investors also should be able to access those analyses upon
34 request, in order to assess whether the analyses were sufficient to uphold fiduciary standards.

35 (9) Requiring proxy advisors to provide clear, factual disclosures under these
36 circumstances helps investors evaluate whether the proxy advisor's recommendations uphold
37 investors' fiduciary duties of prudence and loyalty.

38 (10) Requiring proxy advisors to inform companies of these recommendations also
39 promotes disclosures in line with fiduciary duties. For example, a company that is the subject of a
40 shareholder proposal often has additional information regarding whether a proposal is in the
41 shareholder's financial interests or regarding the costs of a proposal, and notice of a proxy
42 advisor's recommendation allows the company to provide additional responsive information to
43 shareholders seeking to uphold their fiduciary duties.

§46A-9-2. Definitions.

1 As used in this article

2 "Company" means a publicly-traded, for-profit corporation, limited liability company,
3 partnership, or other business entity that is organized or created under the laws of this state, has
4 its principal place of business in this state, or is a foreign entity that has made a company proposal
5 to become a domestic entity, whether by merger, conversion, or otherwise.

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

10 "Default recommendation or policy" means a system, set of rules, principles, or guidelines
11 designed to assist with voting decisions on any company proposals or proxy proposals.

12 "Proxy advisor" means a person who, for compensation, provides a proxy advisory service
13 to shareholders of a company or to other persons with authority to vote on behalf of shareholders
14 of a company.

15 "Proxy advisory service" means any of the following services that are provided in
16 connection with or in relation to a company, or are provided to any person in this state:

17 (1) Advice or a recommendation on how to vote on a company proposal or proxy proposal;

18 (2) Proxy statement research and analysis regarding a company proposal or proxy
19 proposal; or

20 (3) Development of proxy voting recommendations or policies, including establishing
21 default recommendations or policies.

22 "Proxy proposal" means any proposal made by a shareholder of a company that is
23 included in the company's proxy statement, including but not limited to a proposal relating to any of
24 the subjects that could be covered by a company proposal.

25 "Shareholder" includes a shareholder, unitholder, limited partner, or other equity owner of a
26 company.

"Written financial analysis" means a written document that:

(1) Analyzes the expected short-term and long-term financial benefits and costs to the company of implementing a company proposal or proxy proposal,

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

(3) Explains the methods and processes used to prepare the analysis, including the experience and geographic location of the personnel who formed the recommendation.

§46A-9-3. Disclosure of lack of financial analysis to prevent fraud or deceit.

(a) If a proxy advisor makes a recommendation against company management on a company proposal or proxy proposal, or makes a default recommendation or policy involving votes against company management on company proposals or proxy proposals, and the proxy advisor does not do so based on a written financial analysis, the proxy advisor shall:

(1) Concurrently with providing the proxy advisory service, include a clear and conspicuous disclosure to each shareholder, or entity or other person acting on behalf of a shareholder, receiving the proxy advisory service that:

(A) Identifies the service being provided;

(B) Identifies the recommendation or policy at issue; and

(C) States that the proxy advisory service has made the recommendation or policy without doing so based on a written financial analysis regarding the impact of that recommended action on company investors that:

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

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

(iii) Explains the methods and processes used to prepare the analysis, including the experience and geographic location of the personnel who formed the recommendation.

19 (2) For a proxy advisory service covered under this section, concurrently with providing the
20 proxy advisory service, provide the disclosure under subsection (a)(1) of this section to the board
21 of directors of each company that is the subject of the service; and

22 (3) While any proxy advisory services described by subsection (a) of this section are being
23 provided, publicly and conspicuously disclose on the home or front page of the proxy advisor's
24 website a statement that the advisor's proxy advisory services include one or more services that
25 include recommendations or policies against company management on company proposals or
26 proxy proposals that are not made based on a written financial analysis regarding the impact of
27 that recommended action on company investors that:

28 (A) Analyzes the expected short-term and long-term financial benefits and costs to the
29 company of implementing the company proposal or proxy proposal;

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

32 (C) Explains the methods and processes used to prepare the analysis, including the
33 experience and geographic location of the personnel who formed the recommendation.

34 (b) If a proxy advisor makes a recommendation against company management on a
35 company proposal or proxy proposal, or makes a default recommendation or policy involving
36 votes against company management on company proposals or proxy proposals, and the proxy
37 advisor does so based on a written financial analysis, the proxy advisor shall:

38 (1) Concurrently with providing the proxy advisory service, include a clear and
39 conspicuous disclosure to each shareholder, or entity or other person acting on behalf of a
40 shareholder, receiving the proxy advisory service that:

41 (A) Identifies the service being provided;

42 (B) Identifies the recommendation or policy at issue;

43 (C) States that the proxy advisory service has made the recommendation or policy based
44 on a written financial analysis that :

45 (i) Analyzes the expected short-term and long-term financial benefits and costs to the
46 company of implementing the company proposal or proxy proposal;

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

49 (iii) Explains the methods and processes used to prepare the analysis, including the
50 experience and geographic location of the personnel who formed the recommendation; and

51 (D) States that the analysis is available upon request;

52 (2) Make such analysis available within a reasonable time to any client of the proxy
53 advisory service upon request;

54 (3) For a proxy advisory service covered under this section, concurrently with providing the
55 proxy advisory service, provide a copy of such analysis to the board of directors of each company
56 that is the subject of the service.

§46A-9-4. Enforcement.

1 (a) A violation of this article is a deceptive trade practice under §46A-6-104 of this code and
2 is actionable under the enforcement provisions of that statute. The Attorney General of the State of
3 West Virginia may exercise all investigative powers under the West Virginia Consumer Credit and
4 Protection Act, §46A-1-101 et seq. of this code, if the attorney general has reason to believe a
5 violation has occurred, is occurring, or is about to occur.

6 (b) In addition to enforcement under subsection (a), any person aggrieved by a violation of
7 this act may bring an action seeking a declaratory judgment or injunctive relief against a proxy
8 advisor who violates this chapter. Not later than the seventh day after the date on which an action
9 is brought under this subsection, the plaintiff shall provide written notice to the Attorney General of
10 the State of West Virginia, who has a right to intervene in the action. For purposes of this
11 paragraph, an aggrieved person includes:

12 (1) A recipient of proxy advisory services provided by the proxy advisor;

13 (2) A company that is the subject of proxy advisory services covered by §46A-9-3 of this

14 code provided by the proxy advisor; and

15 (3) Any shareholder, unitholder, limited partner, or other equity owner of a company
16 covered by subsection (b)(2) of this section.

§46A-9-5. Severability.

1 If any provision of this article or its application to any person or circumstance is held
2 unconstitutional or invalid, such unconstitutionality or invalidity shall not affect any other provisions
3 or applications of this article which are declared to be severable.

§46A-9-6. Effective Date.

1 This article becomes effective on July 1, 2026. The changes in law made by this article
2 apply only to a proxy advisory service provided on or after the effective date. Nothing in this article
3 eliminates any claim under the West Virginia Consumer Credit and Protection Act, §46A-1-101 et
4 seq. of this code, regardless of whether that claim accrues before or after the effective date of this
5 article.

NOTE: The purpose of this bill is to create the Proxy Advisor Transparency Act.

Strike-throughs indicate language that would be stricken from a heading or the present law
and underscoring indicates new language that would be added.