



## President Trump Issues Executive Order Focused on Proxy Advisors



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On December 11, 2025, President Donald J. Trump issued an [executive order](#) directing certain government agencies and departments to review all rules, regulations, and other publications relating to proxy advisors, specifically naming Institutional Shareholder Services Inc. (ISS) and Glass, Lewis & Co., LLC (Glass Lewis), and focusing on each entity's foreign ownership. The executive order highlights concerns with the "enormous influence over corporate governance matters" held by ISS and Glass Lewis which, according to the order, control more than 90% of the proxy advisor market. The purpose of the order is to "restore public confidence in the proxy advisor industry" and promote accountability, given ISS and Glass Lewis advocate for what the order refers to as "radical politically-motivated agendas – like 'diversity, equity, and inclusion' and 'environmental, social, and governance' – even though investor returns should be the only priority."

The executive order further directs the Chairman of the Securities and Exchange Commission (SEC) to consider revising rules, regulations and guidance that are inconsistent with the order, "especially to the extent they implicate" DEI and ESG policies and instructs the Chairman to:

- enforce anti-fraud provisions for any material misstatements or omissions in a proxy advisor's voting recommendations;
- determine if proxy advisors should be required to register as Registered Investment Advisers under the Investment Advisers Act of 1940;
- consider requiring increased transparency on proxy advisor recommendations, methodology and conflicts of interest;
- evaluate if a proxy advisor serves as a vehicle for investment advisers to coordinate their voting decisions, and if this could serve as the basis for a "group" for purposes of sections 13(d) and 13(g) of the Securities Exchange Act of 1934; and
- examine whether the reliance by investment advisers on the advice of proxy advisors on "non-pecuniary factors" such as DEI and ESG is inconsistent with the fiduciary duties of such investment advisers.

Aside from the SEC, the executive order also directs the Chairman of the Federal Trade Commission (FTC), together with the Attorney General, to review ongoing state antitrust investigations into proxy advisors to determine whether proxy advisers engage in unfair methods of competition, including by conspiring or colluding to diminish the value of consumer investments, failing to adequately disclose conflicts and/or providing misleading or inaccurate information. These mandates follow news of the FTC's investigation of ISS and Glass Lewis for engaging in unfair methods of competition through their guidance of shareholder votes, and litigation commenced in November by the State of Florida against ISS and Glass Lewis under state unfair practice and unfair competition statutes, for "enter[ing] into a per se illegal agreement by agreeing to enforce their controversial ideological mandates by way of threat — recommending votes against corporate

board members who are not the right gender or do not fall in line and affirmatively voice support for Defendants' ideological agenda."

The order also directs the Secretary of Labor to revise regulations regarding fiduciary status of proxy advisors and others who advise managers of ERISA plans. The order further instructs the Secretary of Labor to consider whether any proposed revisions "should include amendments to specify that any individual who has a relationship of trust and confidence with their client, including any proxy advisor, and who provides advice for a fee or other compensation, direct or indirect, with respect to the exercise of the rights appurtenant to shares held by ERISA plans, is an investment advice fiduciary under ERISA." If the Department of Labor (DOL) were to determine that proxy advisors are an investment advice fiduciary under ERISA, this would limit proxy advisors' ability to assess non-pecuniary factors in their advice.

Depending on the determinations of the SEC, FTC and DOL, the order could result in major ramifications for both investors and companies. As noted in the order, many investors vote in accordance with proxy advisor recommendations. With substantial curtailment on the ability of advisors to provide fulsome recommendations, companies may have less insight into expected results of stockholder proposals. While the order has no immediate effect on proxy advisor business, both ISS and Glass Lewis have already implemented changes. Glass Lewis announced that it will eliminate its benchmark proxy voting guidelines in 2027 and move to client specific voting frameworks aligned with individual investment philosophies and priorities. ISS recently announced that it intends to support increased flexibility for proposals related to diversity, political contributions, human rights and climate change, opting for a "case-by-case" approach in these areas.