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THE TEXAS SENATE



BRYAN HUGHES

COMMITTEES ON:
STATE AFFAIRS, CHAIR
JURISPRUDENCE, CHAIR
FINANCE
HEALTH & HUMAN SERVICES
NATURAL RESOURCES &
ECONOMIC DEVELOPMENT
NOMINATIONS

FOR IMMEDIATE RELEASE:

Friday, May 15th, 2026

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Senator Bryan Hughes Announces Senate Committee on State Affairs Will Hold Hearing to Investigate Proxy Advisors' Violation of Texas Transparency Law

Lieutenant Governor Patrick has charged the Committee on State Affairs with monitoring the implementation of Senate Bill 2337, which brings transparency to the shadowy operations of Proxy Advisors.

AUSTIN, TX – Senator Bryan Hughes (R-Tyler), today announced that the Senate Committee on State Affairs will hold a hearing to investigate whether proxy advisors Institutional Shareholder Services (ISS) and Glass Lewis are violating Texas law and ignoring their legal duties to their clients.

Institutional investors like pension funds, university endowments, and various other large investors own hundreds or thousands of shares in many, many different companies. These institutional investors are called upon to vote these shares at the annual meetings of each of the companies (e.g. Exxon, Wal-Mart, as well as many smaller, less known public companies). The votes determine matters such as who will sit on the boards, changes to the companies' governing documents and policies, and many other important matters that affect the companies and their shareholders.

Proxy advisors are financial firms that research these votes and make recommendations to institutional investors as to how they should vote on these matters.

Proxy advisors hold positions of trust for their clients, and that trust is broken when the proxy advisors recommend votes that are based on politics, social issues, personal vendettas, or anything other than financial returns.

The legislature passed Senate Bill 2337 last year to make sure that proxy advisors make recommendations based on financial returns, and that they disclose when they do not.

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Senator Hughes is particularly concerned by reports that these proxy advisors have recommended against companies redomesticating to Texas, where the recommendations are not based on financial returns, but rather the proxy advisors' narrow political agendas. In a number of instances, these recommendations have misstated Texas law, relied on inconsistent reasoning, failed to provide any analysis of the financial impact on shareholders, and contained material omissions.

“Proxy voting recommendations that do not look to the financial interests of shareholders are inherently fraudulent and may be inconsistent with the fiduciary duties of the asset managers who rely on them,” said Senator Hughes. ***“Texas shareholders, and the millions of Americans whose retirement savings are voted on the basis of these recommendations, deserve to understand what is actually driving the conclusions of ISS and Glass Lewis.”***

Senator Hughes also expressed particular concern over ISS and Glass Lewis's recent statements that they did not intend to disclose when their voting recommendations were based on factors other than the financial interest of shareholders, in deliberate contravention of Texas' Senate Bill 2337. Glass Lewis, in particular, has stated that if it were to follow that requirement of Texas law, certain of Glass Lewis's asset manager clients might *“feel compelled to disengage from Glass Lewis' services” because considering such non-financial recommendations could cause a fiduciary to be “perceived to be violating its fundamental duty, opening itself to litigation.”*

The hearing will seek further understanding of why the proxy advisors believe it appropriate to give recommendations without showing whether the rationale for such advice is in the best interests of their clients, to whom they owe a legal duty.

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The hearing is scheduled for June 23rd, 2026, at 9:00 a.m..

View the Committee Hearing notice [HERE](#).

View 2026 Interim Legislative Charges [HERE](#).

DISTRICT ONE

BOWIE, CAMP, CASS, DELTA, FANNIN, FRANKLIN, GREGG, HARRISON, HOPKINS, LAMAR, MARION, MORRIS, PANOLA, RED RIVER, RUSK, SMITH, TITUS, UPSHUR, AND WOOD COUNTIES