
ISS Seeks Input on Auditor Ratification

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Institutional Shareholder Services, a proxy advisory firm, is seeking input from financial market participants with respect to its policy approaches on several issues, including votes ratifying the selection of auditors. ISS's [consultation paper](#) states that ISS rarely recommends against ratification of auditors, other than in certain exceptional circumstances. ISS notes that in recent years some shareholders, the Public Company Accounting Oversight Board, and other audit industry observers have "raised concerns about excessive tenure potentially compromising the independence of auditors." ISS indicates that it is exploring potential approaches to its policy on auditor ratification for 2015 or beyond. These approaches are (1) update ISS's policy to consider auditor tenure as a factor in determining the vote recommendation on proposals to ratify auditors and (2) maintain the status quo—do not change the current policy.

ISS asks for comments on which of the two options a commenting organization favors and, if it favors considering auditor tenure, at what tenure, in number of years, does the commenter "consider service to be excessive, i.e., whereby the auditor is no longer independent? (5, 10, 15, 25, other-please specify)." ISS also asks commenters if there are other factors that they would urge ISS to consider in making recommendations on auditor ratification.

ISS's consultation period closes in February 2014.