



Cheah Cheng Hye
He once sold newspapers
on the street but went
on to become a top
Asia dealmaker

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Investors clash over 'one share one vote'

Voting

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The world's biggest investors have clashed over whether Alphabet, Facebook and other groups with unequal shareholder voting rights should face restrictions in MSCI indices in a sign of growing debate over "one share, one vote".

Investors including Legal & General Investment Management and Allianz Global Investors have backed an MSCI proposal to adjust the weightings of companies based on their free float and voting power.

Rival investors, including BlackRock and Norges Bank, which oversees Norway's \$1tn oil fund, want MSCI to let regulators sort the issue.

Unequal voting rights are topical because several technology companies have multi-class shares, which give investors unequal power.

Businesses with unequal voting rights accounted for just 4 per cent of the MSCI World Index by weight in 2004 but the figure is now 10 per cent.

The decision last year by Snap, the company behind Snapchat, the disappearing-message app, to sell \$3.4bn of stock with no voting rights added to pressure on index providers to tackle the issue.

The Investment Association, the trade body for UK asset managers, said members backed MSCI's proposals to weight securities as well as plans to delete securities with zero voting power from equity indices.

Steve Berexa, global chief investment officer for equities at AllianzGI, said he did not see the benefit of dual-class shares. "We see founders getting away with this because they can." He added that the absence of global standards alongside actions "look like a race to the bottom".

BlackRock, however, said in April that policymakers not index providers should set governance standards, and Norway's oil fund warned that implementation of MSCI's proposal "would have far-reaching and potentially unintended consequences".

In backing MSCI's proposals, LGIM said: "Equal treatment of shareholders by allocating control of a company in proportion to economic interest is vital for a well-functioning market."

MSCI will announce the results of the consultation by June 21.