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BLOG

A Turning Point for Proxy Advisors: JPMorgan's AI Pivot Amid Intensifying Regulatory Scrutiny

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According to various media reports, the asset management division of JPMorgan Chase & Co. (JPMorgan) will no longer use proxy advisory firms for its U.S. voting process. Instead, beginning with the 2026 proxy season, JPMorgan will use an internal artificial-intelligence-powered platform, Proxy IQ, to aggregate and analyze proxy data from 3,000 annual company meetings. JPMorgan believes that it is the first large investment firm to stop using proxy advisory firms.

Jamie Dimon, Chairman and Chief Executive Officer of JPMorgan, has previously expressed strong criticism of Institutional Shareholder Services Inc. ("ISS") and Glass Lewis & Co., LLC (Glass Lewis), the two most influential proxy advisory firms, which, according to estimates, control more than ninety percent (90%) of the proxy advisory market. Dimon has made public statements reflecting a harsh view of the role and influence of these firms, and JPMorgan's move away from using the firms is consistent with his previously stated position.

CURRENT ENVIRONMENT

This change from JPMorgan underscores the increased pressure on proxy advisory firms in the current environment.

On December 11, 2025, President Donald J. Trump issued an Executive Order titled "Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors," taking aim at ISS and Glass Lewis. The executive order criticized these two influential firms as being "foreign-owned" and using "their substantial power to advance and prioritize radical politically-motivated agendas." The considerations in the Executive Order include the Secretary of Labor potentially classifying proxy firms as fiduciaries under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), when they make recommendations to pension funds and other retirement plans covered by ERISA.

The *Wall Street Journal* reported on November 12, 2025, that the Federal Trade Commission is investigating ISS and Glass Lewis for potential antitrust violations. The Subcommittee on Capital Markets of the House Committee on Financial Services and the House Judiciary Subcommittee on the Administrative State, Regulatory Reform, and Antitrust held meetings in the first half of 2025 with respect to proxy advisory firms, and various states have taken actions against proxy advisory firms.

In response to these mounting pressures, both ISS and Glass Lewis have taken steps to adapt. In October 2025, Glass Lewis publicly announced a shift in its approach, including increased transparency in its methodologies and expanded engagement with stakeholders to address concerns about bias and influence. ISS has also issued statements defending its independence and the rigor of its research processes, while emphasizing ongoing efforts to comply with evolving regulatory requirements and to collaborate with policymakers and clients. Both firms are actively working to demonstrate their value and credibility in the face of heightened scrutiny and regulatory challenges.

Taken together, these developments signal a significant shift in the landscape for proxy advisory firms. The increased attention from regulators, lawmakers, and major market participants such as JPMorgan suggests that the role and influence of these firms are under unprecedented scrutiny. While companies should continue to follow established guidelines and best practices, and utilize market trends to inform their proxy voting and governance strategies, it is equally important to remain adaptable. The environment is changing rapidly, and being prepared to adjust to new regulatory requirements, market expectations, and advisory models will be crucial for continued success.

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