

SEC Rules for Electronic Delivery of Proxy Materials: The Notice and Access Model

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The SEC issued rules in January of 2007, effective July 1, 2007, to provide issuers, other soliciting persons, and intermediaries with a means to provide shareholders with Internet access to proxy materials and annual reports. The rules are designed to reduce costs associated with printing and mailing proxy materials and annual reports, and in a way that minimizes the risk of a shareholder executing a proxy without having access to proxy materials, and maximizes the ease of shareholder and beneficial owner access to proxy materials. Issuers will likely be required, under recently announced universal, or mandatory, e-proxy rules, to provide shareholders the option of accessing materials on the Internet; but issuers may send paper copies in addition to complying with the notice and access model. Issuers wishing to use the notice and access rules are advised to review their proxy timetables carefully in light of the extended notice period required by the rules.