
Mandatory Shareholder Proposals - CA, Inc. v. AFSCME Employees Pension Plan

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On July 17, 2008, the Supreme Court of Delaware ruled on two questions of law regarding a shareholder proposal to amend a company's bylaws to require its board to reimburse expenses incurred in connection with nominating candidates in contested director elections. The court held that though such a proposal was a proper subject for shareholder action, the proposed bylaw, if adopted, would violate Delaware law. The case was brought before the court on certification of questions of law from the Securities and Exchange Commission ("SEC"). Following the Court's decision, the SEC's Division of Corporation Finance advised the corporation that it could omit the shareholder proposal from its proxy materials.