

Recent Securities Law Developments on: Majority Voting in Director Elections

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Prior to 2005, virtually all directors of public companies were elected by a “plurality” voting system whereby a director nominee who received the highest number of votes cast for an open director’s seat would be elected to that position, regardless of the number of votes “withheld,” voted “against” or not cast. Because “withhold” and “against” votes have no effect under this standard, a director could be elected by a single “for” vote. Over the last few years, however, there has been a continuing trend towards adopting some form of a “majority” vote standard, whereby a director would only be elected if he or she receives affirmative votes from a majority of the votes cast or the shares eligible to be voted at a meeting.