
Division of Corporation Finance Staff Legal Bulletin Proposals of Security Holders: Ordinary Business Operations Exclusion

Date: 11/03/09

On October 27, 2009, the Securities and Exchange Commission's (the "Commission") Division of Corporation Finance (the "Division") issued Staff Legal Bulletin No. 14E, providing guidance regarding Rule 14a-8 under the Securities Exchange Act of 1934. Specifically, Bulletin No. 14E contains information regarding:

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the application of Rule 14a-8(i)(7) to proposals relating to risk;

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the application of Rule 14a-8(i)(7) to proposals focusing on succession planning for a company's chief executive officer ("CEO"); and

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the manner in which shareholder proponents and companies can notify the Division that they will be submitting correspondence in connection with a no-action request.

Rule 14a-8 focuses on when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. Rule 14a-8(i)(7), one of the substantive bases for exclusion in Rule 14a-8, permits a company to exclude a proposal that deals with a matter relating to the company's ordinary business operations.

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