

SEC Seeks Public Comment on Reform of the U.S. Proxy System

On July 14, 2010, the Securities and Exchange Commission (“SEC” or “Commission”), at an open meeting, voted unanimously to issue for public comment a concept release focusing on a wide range of issues related to the U.S. proxy voting system.¹ The SEC is seeking public comment on proposals to “promote greater efficiency and transparency in the U.S. proxy system and enhance the accuracy and integrity of the shareholder vote.”² As noted by SEC Chairman Mary Schapiro and Meredith Cross, Director of the Division of Corporation Finance, the U.S. proxy system governs the voting of over 600 billion shares at over 14,000 shareholder meetings each year, yet it has not undergone a substantial review in almost thirty years.

On July 14, 2010 the SEC issued a 151-page Concept Release on the U.S. Proxy System (the “Concept Release”) that asks questions on a variety of concerns, including vote accuracy and investor-issuer communication.³ The Concept Release is organized by the three general topics on which the Commission is seeking public input: (1) ensuring the accuracy, transparency, and efficiency of the voting process, (2) enhancing shareholder communication and participation, and (3) addressing the relationship between voting power and economic interest.

Comments on the Concept Release may be submitted electronically via the SEC website, email or the Federal eRulemaking Portal. Comments will be due no later than 90 days following the publication of the Concept Release in the Federal Register.

¹ See Speech by SEC Chairman: Opening Remarks at the SEC Open Meeting by Chairman Mary L. Schapiro, U.S. Securities Exchange Commission, Washington, D.C. July 14, 2010 <http://www.sec.gov/news/speech/2010/spch071410mls.htm>. Video footage of the open meeting is archived at <http://www.sec.gov/news/speech.shtml>. (“July 14 Open Meeting Speech”).

² See July 14 Open Meeting Speech.

³ Release No. 34-62495. U.S. Securities and Exchange Commission, Concept Release on the U.S. Proxy System (July 14, 2010), available at <http://www.sec.gov/rules/concept/2010/34-62495.pdf>

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If you have any questions about the issues addressed in this memorandum or if you would like a copy of any of the materials mentioned, please do not hesitate to call or email Charles A. Gilman at 212.701.3403 or cgilman@cahill.com; Jon Mark at 212.701.3100 or jmark@cahill.com; John Schuster at 212.701.3323 or jschuster@cahill.com; or Lindsay Flora at 212.701.3429 or lflora@cahill.com.

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