

SEC Staff Issues Further Guidance on Shareholder Proposals

Date: 11/05/18

On October 23, 2018, the Division of Corporation Finance of the Securities and Exchange Commission issued Staff Legal Bulletin No. 14J. The purpose of the bulletin is to provide further guidance on Securities Exchange Act Rule 14a-8, which addresses when a company must include a shareholder proposal in its annual proxy statement and the circumstances when a company is permitted to exclude such a proposal. The bulletin discusses (i) board analyses provided in no-action requests that seek to rely on Rule 14a-8(i)(5) or Rule 14a-8(i)(7) as a basis to exclude shareholder proposals, (ii) the scope and application of “micromanagement” as a basis to exclude a proposal under Rule 14a-8(i)(7) and (iii) the scope and application of Rule 14a-8(i)(7) for proposals that touch upon senior executive and/or director compensation matters.

Attached is the firm memorandum discussing the Bulletin.

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