SEC Staff Provides Further Guidance on Management Response to Shareholder Proposals

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On October 16, 2019, the staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "SEC") issued a Staff Legal Bulletin ("SLB 14K") providing further guidance on when, under Securities Exchange Act Rule 14a-8, a company may exclude a shareholder proposal under the "ordinary business" exception. In particular, the bulletin discusses (i) the proposal's subject matter and micromanagement of the company as bases for excluding a shareholder proposal under Rule 14a-8(i)(7)'s "ordinary business" exception and (ii) the Staff's expectations regarding the interpretation of shareholders' proof of ownership letters.

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