SEC Proposes to Update Certain Substantive Bases for Exclusion of Shareholder Proposals

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On July 13, 2022, the Securities and Exchange Commission ("SEC") proposed amendments to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under Rule 14a-8, reporting companies with securities registered under Section 12 of the Exchange Act must include shareholder proposals made under such rule in their proxy materials unless they can demonstrate either a procedural or a substantive basis for exclusion. The SEC's proposal would amend three of the 13 substantive bases for exclusion: (i) the substantial implementation exclusion, (ii) the duplication exclusion and (iii) the resubmission exclusion. The SEC believes the proposal will facilitate the exercise of shareholders' rights by providing a clearer framework for application of the rule.

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