

SEC Delays Implementation of Proxy Access Rules

On October 4, 2010, the Securities and Exchange Commission (“SEC”) delayed the implementation of the newly adopted proxy access rules, including new Rule 14a-11 and amendments to Rule 14a-8.

The new proxy access rules, which require companies to include shareholder nominees for directors in company proxy materials, would have been in effect for the upcoming spring’s proxy season. The new proxy access rules have been stayed until the Court of Appeals reviews a petition filed by the U.S. Chamber of Commerce challenging the validity and constitutionality of the new proxy access rules.

The SEC decided to delay the new rules, citing the potentially unnecessary costs, regulatory uncertainty and disruption that could result if the new rules came into effect while being challenged.

Under the current rules, shareholders who want to advocate the election of their own nominees are required to pay for the preparation and mailing of their own proxy materials.

A description of the new proxy access rules can be found in our September 1, 2010, Client Alert, “SEC Adopts New Proxy Access Rules,” (http://www.kayescholer.com/news/client_alerts/201009011).

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