

SEC Staff to Host Roundtable on the Proxy Process

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SEC staff will host a **roundtable** this fall to hear from issuers and investors about whether to change the proxy process. Chairman Clayton has asked the staff to consider the following items as potential topics for consideration, many of which were discussed in the 2010 concept release. No final agenda or date has been announced yet.

Proxy Voting

- Under- and over-voting, why they occur and how they can be addressed
- Confirming votes have been cast in accordance with investor instructions
- Costs and challenges of communicating with beneficial owners, especially through intermediaries

Retail Participation

- How to increase retail voting from the current participation rate of 29%
- How to allow retail investors who hold shares through mutual funds or pension funds to affect governance of public companies, such as having a role in how mutual funds vote
- Whether low retail participation should be a cause for concern and should inform analysis of existing regulation

Shareholder Proposals

- Whether the current ownership thresholds for submitting proposals should be changed
- Resubmission thresholds when the same shareholder proposals do not receive requisite levels of approval
- Possibility of other ways to show meaningful ownership of securities other than ownership amount and length of holding period
- Whether long-term retail holders who hold through ETFs and mutual funds are appropriately represented

Proxy Advisory Firms

- Whether factors such as legal requirements have caused overreliance on the firms for data aggregation and voting recommendations
- Whether companies have sufficient opportunities to raise concerns, especially related to errors
- Whether there is sufficient transparency so that it is clear how the firms reach their voting recommendations
- Whether there are conflicts of interest with respect to consulting services and how they are disclosed and mitigated
- The appropriate regulatory regime for the firms and whether prior staff guidance should be changed

Technology

- How technology can be used to make the proxy process more efficient

- Potential benefits and consequences of relying on technology such as blockchain

Other

- References the 2016 proposed rules on universal proxy cards but left unsaid how the roundtable may address them

Electronic comments may be submitted in advance by using the SEC's [internet submission form](#) or sending an email to rule-comments@sec.gov. Paper comments may be submitted to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549-1090. All comments will become public.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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