

Senator Schumer Proposes Key Governance Changes for U.S. Public Companies

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Senator Charles Schumer recently introduced a bill, The Shareholder Bill of Rights Act of 2009, which if adopted would impose new corporate governance requirements on U.S. public companies. Key corporate governance standards for U.S. public companies would shift from the purview of the states (primarily Delaware) to the federal government. On its face, the Schumer bill reflects a one-size-fits-all approach to corporate governance, although the Securities and Exchange Commission has been given explicit authority to exempt certain categories of companies. Senator Schumer views the new requirements as a way to provide a “greater voice to shareholders” and more board accountability, following what he identifies as a period of widespread corporate governance failures in the United States, especially among financial institutions.

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