

SEC Proposes Rule to Allow 1% Shareholders (or a Group of Shareholders holding 1%) to Nominate Directors at Large Companies

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In response to a public outcry over compensation and other practices and a call for accountability in the current financial crisis, a sharply divided Commission today proposed amendments that would permit shareholders owning a specified percentage of a public company's shares to nominate a limited number of board directors on the company's proxy statement. SEC Chairman Mary L. Schapiro proposed the amendments over the objection of Republican Commissioners, Kathleen L. Casey and Troy A. Paredes, in an attempt to resolve the so-called "proxy access" debate that began decades ago.

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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