

Shareholder Communications Coalition – Email Alert
July 1, 2009

The Securities and Exchange Commission met earlier today to approve the New York Stock Exchange's proposal regarding broker discretionary voting in uncontested director elections (NYSE Rule 452). The SEC also released for public comment its proposals regarding "say on pay" votes for TARP recipients and a package of proposed amendments to enhance corporate disclosures and to change several other proxy rules. **The most significant development, from the perspective of the Shareholder Communications Coalition, is that SEC Chairman Mary Schapiro announced that the Commission would undertake a review of the proxy "plumbing" issues during the balance of this year.**

What follows is a summary of today's SEC meeting:

Say on Pay for TARP Companies. The Commission voted 5-0 to release a proposal implementing a statutory requirement that TARP recipients provide for an advisory shareholder vote on executive compensation.

Corporate Disclosure Amendments. The Commission voted 5-0 on a package of corporate disclosure enhancements related to: (a) compensation policies; (b) director nominee qualifications; (c) company leadership structures (e.g. separation of Chairman/CEO roles); (d) the board's role in a company's risk management process; and (e) potential conflicts of interest involving company compensation consultants. The Commission proposals also include: (a) a new rule to require a company to report the voting results from a shareholder meeting within four (4) business days; and (b) several amendments to the proxy solicitation process.

Rule 452 Amendments. The Commission voted 3-2 in favor of approving the NYSE proposal (Amendment #4). The dissenting votes were from Commissioners Casey and Paredes. Both Commissioners voted against the NYSE proposal because, in part, of their view that this issue should be one component of a broader review of the proxy voting and communications system. Commissioner Paredes also mentioned in his remarks the 93 comment letters received (out of a total of 136) that urged a comprehensive review of the proxy system.

All of the other Commissioners (i.e. Schapiro, Walter, and Aguilar) also mentioned the importance of studying the proxy "plumbing" issues and, near the end of the meeting, Chairman Schapiro committed to undertake such a review during the balance of this year.

The written statements of all five Commissioners,

including references to the proxy plumbing issues, should be available through the following SEC link sometime later today:

<http://www.sec.gov/news/speech.shtml#chair>

During the SEC meeting, there was also significant discussion about the need to dramatically improve education efforts for individual investors about the proxy process.

Thank you for your interest in the Shareholder Communications Coalition.

Niels Holch
Executive Director