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## SEC Looks to Improve Communication Between Investors and Companies

By Lee Conrad

July 15, 2010

The Securities & Exchange Commission voted 5-0 to issue a "concept release" seeking public comment on the corporate proxy system. At issue is whether rules overseeing the way investors vote their shares should be revised to promote greater efficiency and transparency, regardless of whether they actually attend shareholder meetings.

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"The proxy is often the principal means for shareholders and public companies to communicate with one another, and for shareholders to weigh in on issues of importance to the corporation," SEC Chairman Mary Schapiro said in a public statement.

Niels Holch, executive director of Shareholder Communications Coalition, an advocacy group dedicated to improving the ability of individual investors to vote their stock shares, is very much in favor of this move. He called the proxy communications the "backbone of the system" and said that currently there are barriers in that communication between shareholder and corporate management.

The average investor is confused as to what the process even is, Holch says. He disagrees with the notion that investors are just as well off "voting with their feet" and finding new investments in cases where they feel that management is misguided. "We've built a huge component of corporate governance into the system... and so if we're going to have this system, we should be using it better," he says.

No rule change has been implemented yet. The SEC has simply asked for public comment on the issue. It is focusing on the "accuracy and transparency of the voting process, the manner in which shareholders and corporations communicate, and the relationship between voting power and economic interest," according to its public statement.

The public comment period will last for 90 days.

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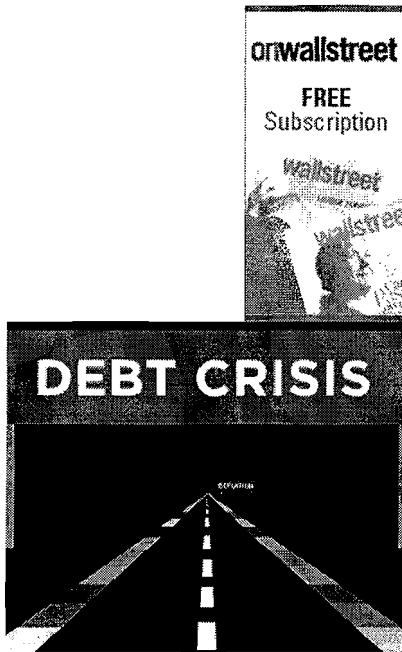
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