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SEC to Discuss Proxy Reform on July 14

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The Securities and Exchange Commission said on Wednesday that it will hold an open meeting on July 14 to consider whether to issue a concept release on proxy reform.

"The Commission will consider whether to issue a concept release to solicit public comment as to whether the Commission should consider revisions to its rules to promote greater efficiency and transparency in the U.S. proxy system and enhance the accuracy and integrity of the shareholder vote," said the SEC.

The open meeting will be broadcast over the Internet for anyone who cannot attend, via the SEC's website at www.sec.gov.

Proxy reform has been top of the to-do list for SEC chairman Mary Schapiro for more than a year. Among the issues which could be addressed: whether to allow companies the ability to send proxy materials to their beneficial shareholders directly rather than through their financial intermediaries, whether to regulate proxy advisory firms; whether to abolish or limit the ability of shareholders to hide their identities from corporations in which they invest. Other topics will include how to ensure accuracy in vote tabulations, "empty voting" and "overvoting."

The Washington, D.C.-based Shareholder Services Coalition, an umbrella organization representing securities transfer agents and issuers, has requested that the SEC abolish the ability of investors to categorize themselves as

"objecting beneficial shareholders" or OBOs. The Altman Group, a New York-proxy solicitation firm, has recommended that the SEC make the names of all beneficial shareholders available to corporations on a limited basis.

In the case of "empty voting" investors are allowed to vote shares without holding an economic interest in the company. "Overvoting" – also referred to as "overreporting" refers to the practice of broker-dealers casting more votes than they are allowed to on behalf of their beneficial shareholders. The error is typically caught before the corporate meeting takes place.

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