



# Need some "specificity" in your proxy card? New SEC interpretation

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The SEC's Division of Corporation Finance has issued a new interpretation related to the form of proxy requirements. The interpretation relates to the specificity with which an issuer must describe a Rule 14a-8 shareholder proposal on its proxy card. Rule 14a-4(a)(3) requires that the form of proxy "identify clearly and impartially each separate matter intended to be acted upon whether or not related to or conditioned on the approval of other matters, and whether proposed by the registrant or by security holders."

The SEC staff noted that **the proxy card should clearly identify and describe the specific action on which shareholders are being asked to vote**, whether it is a management proposal or shareholder proposal.

Per the SEC staff, the following descriptions of shareholder proposals also would *not* satisfy Rule 14a-4(a)(3):

- A shareholder proposal on executive compensation
- A shareholder proposal on the environment
- A shareholder proposal, if properly presented
- Shareholder proposal #3.

The SEC staff also gave the following examples of "bad" and "good" ways to describe a proposal:

"Bad"	"Good"
A proposal to amend our articles of incorporation.	A management proposal to amend a company's articles of incorporation to increase the number of authorized shares of common stock
A shareholder proposal on special meetings	a shareholder proposal to amend a company's bylaws to allow shareholders holding 10% of the company's common stock to call a special meeting

Find out more about specificity on your proxy card by contacting your regular DLA Piper lawyer or Sanjay Shirodkar.

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