DORSEY
DORSEY + WHITNEY LLP

Universal Proxy Card Requirement

November 19, 2021 – Governance & Compliance Insider
by Cam C. Hoang

As expected, the SEC has adopted final rules requiring the use of universal proxy cards in shareholder meetings involving non-exempt contested director elections held after August 31, 2022. In addition, certain amendments will impact proxy disclosure for all director elections, contested or uncontested.

Amended Proxy Disclosure for All Director Elections

The rules establish new proxy disclosure requirements for all director elections, including uncontested elections.

- The proxy card must include an "against" voting option when applicable state law gives effect to a vote "against" a nominee. Shareholders must have the ability to "abstain" in an election where a majority voting standard is in effect.
- Amended Item 21 of Schedule 14A requires disclosure regarding the effect of a "withhold" vote in an election.
- Amended Rule 14a-5 requires companies to disclose the deadline for dissident shareholders to provide notice of a solicitation of proxies in support of director nominees other than management nominees pursuant to Rule 14a-19 for the next annual meeting. Generally, the notice must be postmarked or transmitted electronically no later than 60 calendar days prior to the anniversary of the previous year's annual meeting date.

Effective Date

The universal proxy rules will apply to all shareholder meetings involving non-exempt contested director elections held after August 31, 2022. The other rule amendments will be applicable to all shareholder meetings involving director elections held after August 31, 2022.

Additional information is available here.

Related People

- Cam C. Hoang

Related Capabilities

- Corporate Governance & Compliance
- Mergers & Acquisitions
- Government Enforcement & Corporate Investigations