

[Securities Regulation Daily Wrap Up, SEC NEWS AND SPEECHES—Atkins sees shareholder proposals, Delaware as obstacles to ‘Making IPOs Great Again’, \(Oct. 10, 2025\)](#)

Securities Regulation Daily Wrap Up

[Click to open document in a browser](#)

By Anne Sherry, J.D.

The chairman said modernization of Rule 14a-8 should examine whether the original rationale for the rule still applies.

In remarks at a corporate governance gala, SEC Chairman Paul Atkins took aim at the entire shareholder proposal regime and at recent developments in Delaware corporate law. In criticizing the politicization of shareholder meetings, Atkins strongly hinted that companies can obtain the SEC's blessing to exclude environmental and social proposals if they obtain an opinion of counsel. Atkins also said that recent legislation in Delaware entrenches the burdensome cost of frivolous lawsuits.

Atkins delivered the [remarks](#) at the [25th anniversary gala](#) of the John L. Weinberg Center for Corporate Governance at the University of Delaware.

“Make IPOs Great Again.” Atkins's speech focused on two of the three pillars of his goal of reversing the decline in public offerings. The first pillar is simplifying disclosure requirements to both reduce the cost of preparing SEC filings and to make them more comprehensible.

The other two pillars incorporate state corporate law and were the subject of Atkins's remarks. He spoke first about shareholder meetings and shareholder proposals before turning to the need for litigation reform.

Shareholder proposals. Atkins identified environment and social proposals as a particular problem in the proxy process, stating that these proposals burden companies while receiving low shareholder support. Proposals like these that call for action that is not binding on the corporation—precatory proposals—implicate federal and state law because it is state corporate law that determines whether a proposal is a “proper subject” for action by shareholders.

Atkins posited that there is no fundamental right under Delaware law for a company's shareholders to vote on precatory proposals. He then provided companies a path to excluding such proposals: “If a company makes this argument and seeks the SEC staff's views, and the company obtains an opinion of counsel that the proposal is not a ‘proper subject’ for shareholder action under Delaware law, this argument should prevail, at least for that company,” he said, adding, “I have high confidence that the SEC staff will honor this position.”

Similarly, if a company has opted into a law such as Texas's new threshold for submitting a proposal, or has otherwise established provisions in its governing documents, a proposal that does not satisfy those requirements should be excludable, Atkins said.

The chairman closed out this topic by promising a “fundamental reassessment” of the shareholder proposal process. As part of the SEC's shareholder proposal modernization effort, Atkins has asked the staff to evaluate whether the rationale behind the 1942 adoption of Rule 14a-8 still applies. “Mindful that [Exchange Act] Section 14 ... is centrally concerned with disclosure, the Commission should re-evaluate the rule's fundamental premise that shareholders should be able to force companies to solicit for their proposals—to the extent that a shareholder proposal is a proper subject for shareholder action under state law—at little or no expense to the shareholder,” he said.

Securities litigation reform. Atkins aimed his remarks on securities litigation squarely at Delaware. The chairman cited Delaware Senate Bill 95's recent amendments to the state's corporation law, and in particular provisions barring mandatory arbitration and fee shifting in federal securities law claims.

A recent SEC [policy statement](#) responded to Delaware's legislation by clarifying the Commission's views that mandatory arbitration provisions are not inconsistent with the federal securities laws. In his keynote address, Atkins reiterated his view that companies should decide how to resolve disputes with shareholders. For those that consider mandatory arbitration to be vital, Delaware is no longer an option for incorporation, he said.

Atkins noted that SB 95 became law before the SEC made its views clear to the public. He is hopeful that the legislature will revisit the issue, as well as its ban on fee shifting, so that Delaware can be a leader in securities litigation reform.

RegulatoryActivity: CorporateGovernance ESGNews FedTracker Securities GCNNews Proxies
SECNewsSpeeches