

Statement

Statement regarding Shareholder Proposals: Staff Legal Bulletin No. 14L



Chair Gary Gensler

Nov. 3, 2021

Today, staff in the Division of Corporation Finance issued a new legal bulletin setting forth its views with respect to Rule 14a-8 of the Securities Exchange Act.^[1] The right to put proposals in front of other shareholders for a vote is an important part of the securities laws.

In 1998, the Commission finalized a 14a-8 rulemaking “to improve the operation of the rules governing shareholder proposals.”^[2] Today’s legal bulletin aligns with the intent of that Commission action. Since then, from time to time the Division staff has offered its views on application of the rule. In recent years, hundreds of companies have come to the staff seeking no-action letters with respect to shareholder proposals. Today’s bulletin will provide greater clarity to companies and shareholders on these matters, so they can better understand when exclusions may or may not apply. The updated staff legal bulletin, which replaces three previously issued bulletins, is consistent with the Commission’s original intention.

I’d like to thank the Division staff for putting together this thoughtful bulletin. Specifically, I would like to thank Renee Jones, Michael Seaman, Connor Raso, Erik Gerding, Matt McNair, and Deanna Virginio in the Division of Corporation Finance, among the many others on our staff who contributed.

^[1] Staff Legal Bulletins represent the views of the SEC staff and are not a rule, regulation or statement of the Securities and Exchange Commission (the “Commission”). Further, the Commission has neither approved nor disapproved their content. Staff legal bulletins, like all staff statements, have no legal force or effect: they do not alter or amend applicable law, and they create no new or additional obligations for any person.

^[2] Release No. 34-40018 (May 21, 1998) (the “1998 release”). See <https://www.sec.gov/rules/final/34-40018.htm>.