

Corp Fin Director Renee Jones Talks Shareholder Proposals

Last week, Corp Fin Director Renee Jones delivered [this speech](#) at CII's Spring Meeting. It was notable for a variety of reasons, perhaps foremost in that CII's Spring Meeting was held in-person! It also was the first speech by Director Jones that was reduced to writing. Here are a few other things to note:

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1. The speech's title references "corporate democracy," a phrase not often heard in corporate law circles.
 2. In Section III, Director Jones gives us a little history lesson about Rule 14a-8(i)(7) – the "ordinary business" exclusion basis – and how social issues have been treated differently under that exclusion basis over the years.
 3. That history lesson naturally led to a discussion about Staff Legal Bulletin No. 14L that came out last November and overturned a number of SEC positions that had been taken over the past few years that had the effect of allowing more exclusion of ESG shareholder proposals than is likely going forward, among other changes. Here's [our blog](#) about that SLB.
 4. Director Jones provides statistics about the processing of no-action requests so far this proxy season, noting that the number of no-action requests is down roughly 9% compared to last year. That doesn't necessarily mean that the number of shareholder proposals overall is down – just the number of times that companies are requesting the Corp Fin Staff to allow exclusion.
 5. Director Jones lists the most common shareholder proposal topics (all ESG-related, no surprise there) – and the most frequently-asserted bases for exclusion (ordinary business and eligibility at the top).
 6. Director Jones concludes by reminding us that the SEC may propose to amend Rule 14a-8 in the near future "to add clarity and reduce ambiguities and uncertainties surrounding the application of certain provisions in the rule," and "make the process more efficient and predictable for all parties involved."
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