

SEC Stays Effectiveness of Proxy Access Rule

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On October 4, 2010, the SEC stayed the effectiveness of its recently adopted Proxy Access Rules (Rule 14a-11, and complementary amendments to Rule 14a-8, under the Securities Exchange Act of 1934) during the pendency of litigation attacking the adoption of the rules. The new Proxy Access Rules were to become effective on November 15, 2010.

On September 29, 2010, Business Roundtable and the Chamber of Commerce of the United States filed a petition with the United States Court of Appeals for the District of Columbia Circuit challenging the validity of new Rule 14a-11 and complementary amendments to Rule 14a-8. The SEC stated that it issued the stay to avoid “potentially unnecessary costs, regulatory uncertainty and disruption that could occur if the rules were to become effective during the pendency of a challenge to their validity.” The petitioners and the SEC are seeking expedited review of the matter by the Court of Appeals.

If you have any questions, please contact Paul Bork or Dean Hanley of Foley Hoag’s Corporate Finance and Securities Practice Group or (617) 832-1000 or contact your lawyer at Foley Hoag.