



# U.S. Senate Committee on Banking, Housing, and Urban Affairs

U.S. SENATOR RICHARD C. SHELBY, AL, RANKING MEMBER

---

EMBARGOED UNTIL BEGINNING OF HEARING

Contact: Jonathan Graffeo at (202) 224-0894  
Jonathan\_Graffeo@banking.senate.gov

## STATEMENT OF SENATOR RICHARD C. SHELBY

*Hearing on Shareholder Rights and Proxy Access*

November 14, 2007

“Thank you Mr. Chairman.”

“The committee meets today to examine the SEC’s proposed rules regarding shareholder access to a company’s proxy materials. Last year, the Second Circuit ruled that corporations can not exclude from their proxy materials shareholder proposals to change the company’s bylaws requiring it to include shareholder nominees in its proxy statement. In reaching this decision, the Second Circuit overturned the SEC’s long-standing position that shareholder proposals relating to the election of directors may be excluded from a company’s proxy statement.”

“As Chairman Cox noted in his testimony during his last appearance before this Committee, the decision created a great deal of uncertainty. Consequentially, this past July, the SEC proposed two separate and mutually exclusive rules addressing shareholder access to proxy materials. The first proposal would expressly require corporations to include in their proxy materials certain shareholder proposals for changing a company’s bylaws to include shareholder nominated directors in the company’s proxy materials. The second proposal would effectively restore the status quo by clarifying that such shareholder proposals can be excluded from a corporation’s proxy materials.”

“Either of these proposals, if adopted, could have a significant impact on the corporate governance of public companies. I look forward to hearing from Chairman Cox on how the SEC

(OVER)

plans to move forward with these proposals and to eliminate the uncertainty created by the Second Circuit's decision. With the 2008 proxy season fast approaching, it is important that these issues be addressed in a timely, but thorough manner."

"Thank you Mr. Chairman."

