MEDIA ADVISORY

CII Posts FAQ on the SEC’s Universal Proxy Proposal

Washington, D.C., Nov. 3, 2016 — The Council of Institutional Investors (CII) today posted an FAQ (Frequently Asked Questions) outlining how investors and companies would benefit from the SEC’s recent proposed rule changes to require the use of “universal proxy” cards in contested elections for director at U.S. public companies.

CII published the FAQ to address market concerns that universal proxies would encourage more proxy contests and favor dissident nominees in election contests. “There is no empirical evidence that universal proxies would encourage hedge fund activists to seek board seats at more companies,” said CII Executive Director Ken Bertsch. “In general, universal proxy cards would not be a thumb on the scale for dissidents or management. The only clear winner would be investors, who would gain the ability to vote for the mix of director nominees they believe best serves their interests.”

Universal proxy cards would level the playing field for the overwhelming majority of shareholders who vote for director nominees by marking proxy cards. Currently, when there is a contested election for board seats, shareholders voting by proxy can only vote for either management’s slate of director nominees or the dissident’s slate. To “split their ticket,” investors must vote in person at the shareholder meeting. That can be costly and unreasonable for individual investors and for institutions that vote shares at thousands of companies in a compressed time period.

Click here to view the FAQ and here to learn more about universal proxy cards.