

MEMO# 24581

October 6, 2010

SEC Stays Proxy Access Rules Pending Court Review

[24581]

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TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 49-10
ETF ADVISORY COMMITTEE No. 40-10
INVESTMENT COMPANY DIRECTORS No. 22-10
SEC RULES MEMBERS No. 94-10
SMALL FUNDS MEMBERS No. 55-10 RE: SEC STAYS PROXY ACCESS RULES PENDING COURT REVIEW

As we previously informed you, the Securities and Exchange Commission adopted changes to the federal proxy rules to facilitate shareholders' ability to nominate directors of companies, including investment companies. [\[1\]](#) The SEC has stayed the effect of newly adopted Rule 14a-11 and related amendments, including the amendments to Rule 14a-8. [\[2\]](#) The SEC granted the stay pending resolution of a petition filed with the United States Court of Appeals for the District of Columbia Circuit by the Business Roundtable and the Chamber of Commerce of the United States challenging the validity of the rules. [\[3\]](#) The SEC and the petitioners have indicated that they will seek expedited review by the U.S. Court of Appeals.

The rules were otherwise scheduled to take effect on November 15, 2010. The extent of any delay in the effectiveness will depend on the timing and outcome of the Court of Appeals' review.

Dorothy M. Donohue
Senior Associate Counsel

endnotes

[\[1\]](#) See [Memorandum](#) to Closed-End Investment Company Members, ETF Advisory

Committee, Investment Company Directors, SEC Rules Members, and Small Funds Members, dated September 9, 2010 [24533] (summarizing the final rules and rule amendments).

[2] Securities Act Rel. No. 9149 (October 4, 2010) available on the SEC's website at <http://www.sec.gov/rules/other/2010/33-9149.pdf>.

[3] See *Business Roundtable, et al. v. SEC*, No. 10-1305 (D.C. Cir. Filed Sept. 29, 2010).

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