

**MEMO# 13819**

August 9, 2001

## **SEC STAFF LEGAL BULLETIN REGARDING RULE 14A-8 OF THE SECURITIES EXCHANGE ACT OF 1934**

[13819] August 9, 2001 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 12-01  
RE: SEC STAFF LEGAL BULLETIN REGARDING RULE 14a-8 OF THE SECURITIES EXCHANGE  
ACT OF 1934 The Securities and Exchange Commission's Division of Corporation Finance  
has issued a Staff Legal Bulletin providing information on Rule 14a-8 of the Securities  
Exchange Act of 1934.<sup>1</sup> The Legal Bulletin is structured in a question and answer format  
and, among other things, explains the Rule 14a-8 no-action process, provides guidance to  
companies and shareholders on issues and questions that commonly arise under Rule  
14a-8, and suggests ways in which both companies and shareholders can facilitate the  
SEC's review of no-action requests under the rule. In particular, the Legal Bulletin reviews  
the substance of Rule 14a-8 including the bases for exclusion of a shareholder proposal, the  
various deadlines for the shareholder proposal process, the factors the SEC considers in  
determining whether to concur with a company's view regarding exclusion of a proposal  
from a proxy statement, the actions the SEC may take in response to a no-action request  
and the effect of an SEC no-action response. The Legal Bulletin also discusses several  
issues relating to the eligibility and procedural requirements of the rule including issues  
relating to the amount and types of securities a shareholder must own to be eligible to  
submit a proposal, how a shareholder's ownership should be substantiated, and what a  
company must do in order to exclude a proposal that fails to comply with the eligibility or  
procedural requirements of the rule. Finally, the Legal Bulletin discusses issues regarding  
revisions to a proposal and supporting statement, in particular, the purpose for allowing  
shareholders to revise portions of a proposal and supporting statement, the SEC's views  
regarding revisions that a shareholder makes to his or her proposal before the SEC receives  
a company's no-action request and during the course of the SEC's review, and the  
circumstances under which the SEC's response may allow shareholders to make revisions  
to a proposal and supporting statement. The Legal 1 U.S. Securities and Exchange  
Commission, Division of Corporation Finance, Staff Legal Bulletin No. 14 (July 13, 2001)  
("Legal Bulletin"). 2Bulletin also addresses the circumstances under which a company must  
accept and address revisions to a proposal. Ari Burstein Associate Counsel Attachment  
Attachment (in .pdf format)