

SEC Proposes Significant Changes to Federal Proxy Rules

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On September 16, 2026, the Securities and Exchange Commission (the “SEC”) proposed two sets of amendments to the federal proxy rules under the Securities Exchange Act of 1934 (the “Exchange Act”). In one proposing release, the SEC proposed amendments to the proxy solicitation rules under Regulation 14A, which govern how companies solicit proxies for shareholder meetings. In a separate release, the SEC proposed rescinding Rule 14a-8, which currently governs when companies must include shareholder proposals in their proxy materials, leaving those determinations to state law and, where permitted, the company's governing documents.

Together, the proposals reflect two key priorities of the current SEC: modernizing securities regulation to reflect technological developments and changing investor communication practices, and reducing federal involvement in matters traditionally governed by state corporate law. If adopted, the proposals would significantly reshape the federal proxy framework.

Modernization of Proxy Solicitation Rules

One of the most significant proposed amendments would eliminate the requirement to deliver annual reports to security holders where a company has already filed its Form 10-K for the most recent fiscal year. The SEC notes that much of the information currently included in annual reports overlaps with information contained in Form 10-K filings, making separate delivery increasingly redundant given the widespread availability of those filings through EDGAR.

Consistent with this modernization effort, the SEC also proposes eliminating the requirement that proxy statements be sent to security holders at least 20 business days before a shareholder meeting when information is incorporated by reference into the proxy statement. The SEC's rationale is that incorporated filings are already publicly available through EDGAR and can be quickly delivered electronically upon request.

The SEC has also proposed reducing the minimum broker search period from 20

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business days to five business days, reflecting the increased efficiency of electronic communications and information-sharing practices.

Taken together, these amendments reflect the SEC's effort to streamline compliance obligations while preserving investor protections. Many of the affected requirements were adopted decades ago and have undergone limited modernization despite significant advances in technology and investor communications.

Other proposed changes include (i) the rescission of Rule 14a-6(g) (which currently requires large shareholders conducting written, non-public exempt solicitations under Rule 14a-2(b)(1) to furnish a Notice of Exempt Solicitation on EDGAR), which the SEC believes would reduce investor confusion caused by unnecessary voluntary filings while lowering compliance burdens for large shareholders, and (ii) certain technical revisions to the cover pages of Schedules 14A and 14C.

Rescission of Rule 14a-8 (and Amendment of Rule 14a-4(c))

The SEC has also proposed rescinding Rule 14a-8, which currently governs the circumstances in which a company must include shareholder proposals in its proxy materials. If adopted, determinations regarding shareholder proposal rights would largely be governed by applicable state law and the company's governing documents.

According to the SEC, many of the policy justifications underlying Rule 14a-8 are less persuasive today, while the rule has generated unintended consequences. The SEC points to concerns that the rule can require federal regulators to resolve issues rooted in state corporate law and may discourage the development of state-law solutions and private ordering mechanisms. Most notably, the SEC takes the position that Rule 14a-8 exceeds the agency's statutory authority under the Exchange Act.

Recognizing that the rescission of Rule 14a-8 could result in an increase in shareholder proposals submitted outside of the rule's framework, the SEC has simultaneously proposed amending Rule 14a-4(c), which under certain circumstances prohibits a company from voting proxies it receives on shareholder proposals that are submitted outside of Rule 14a-8 and will be presented at a shareholder meeting, but that are not included in the company's proxy materials. An unintended consequence of Rule 14a-4(c) in its current form is that companies may feel compelled to include these proposals on their proxy cards even though the federal proxy rules (and existing state law) do not require their inclusion.

If the proposed amendments to Rule 14a-4(c) are adopted, companies would instead enjoy greater flexibility to exercise discretionary voting authority over shareholder proposals timely submitted under applicable state law or the company's governing documents, so long as the company makes certain disclosures in its proxy statement and proxy card and includes a new check box on the latter to allow a shareholder to elect not to grant the company such discretionary voting authority.

What's Next?

The public comment periods for both proposals will remain open until November 20, 2026. As a result, even if adopted, the proposed amendments are unlikely to be finalized in time to directly affect the 2027 proxy season.

Nevertheless, issuers and their advisers should expect increased attention to proxy processes and shareholder proposal rights as these proposals move through the rulemaking process. If Rule 14a-8 is ultimately rescinded, considerable uncertainty could emerge in jurisdictions whose corporate statutes do not clearly address shareholder proposal rights. In those jurisdictions, judicial guidance or legislative action may be required to address potential gaps in the governance framework.

It also remains unclear how proxy advisory firms such as Glass Lewis and Institutional Shareholder Services (ISS) may revise their voting policies in response to these proposals. Companies, investors and other market participants should closely monitor developments in this area, particularly given the potential implications for shareholder engagement, proxy administration and broader corporate governance practices.