

OCTOBER 3, 2019

Shareholder Proposals in the United States and Canada

Chapter 7 of Davies Governance Insights 2019

Shareholder proposals have long been an effective tool for investors to raise environmental, social and governance issues and foster engagement with a public company. That said, compliance with the shareholder proposal regime can impose costs and burdens on companies. For years, the U.S. Securities and Exchange Commission (SEC) has been trying to balance the benefits and costs of shareholder proposals. A bill proposed in 2018 and statements from the SEC Chairman indicate that the SEC will propose revisions to the shareholder proposal regime in the near future, especially with respect to the requirements for resubmitting proposals that were previously rejected by shareholders. In this chapter, we review the existing shareholder proposal regime in the United States and discuss potential changes to the resubmission thresholds. We also take a look at the rising number of shareholder proposals in Canada, a regime not likely to change in the near future.

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This chapter appears in the 2019 edition of *Davies Governance Insights*, our comprehensive annual report on the trends and issues most important to Canadian public companies.

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