

# **DIRECTOR ELECTION REFORM THROUGH SHAREHOLDER PROPOSALS**

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## **ABSTRACT**

Shareholder proposals are being submitted at record rates, which may signal dissatisfaction with corporate performance and decision-making. This paper describes the trends in proposal topics and their sponsors, along with the process for submitting shareholder proposals. To give shareholders a stronger voice, the SEC is considering director election reform that would permit shareholders to nominate members to the boards of directors. The SEC's proposal is described, including the events that trigger shareholder nomination, the minimum ownership needed to make a nomination, and the maximum number of board nominees allowed on each proxy. Pros and cons of the SEC's proposal are presented.