

June 26, 2007

Corporate and Securities Update:

SEC Adopts New Rules for Furnishing Proxy Materials

Introduction

On June 20, 2007, the Securities and Exchange Commission adopted amendments to its proxy rules requiring reporting companies and other persons soliciting proxies to furnish proxy materials (including proxy statements and annual reports to shareholders) by either (1) providing shareholders with a notice of the Internet availability of proxy materials (the "notice only option") or (2) sending full paper proxy materials to shareholders together with information regarding Internet availability (the "full set delivery option"). Both methods require that proxy materials be posted online; use of the "notice only option" requires the delivery of paper copies of proxy materials upon shareholder request. While the amendments will be phased in over a two year period, large accelerated filers will be subject to the new requirements for the 2008 proxy season.

The New Rules

The new rules and adopting release are not yet available. According to an SEC staff statement, the requirements of the "notice only option" are identical to the voluntary "notice and access model" promulgated by the SEC in January 2007. Under that model, soliciting parties must:

- Send a notice of Internet availability of proxy materials to shareholders at least 40 days before the meeting date;
- Post the proxy materials on an Internet Web site (other than the EDGAR Web site); and
- Send paper copies of the proxy materials to shareholders upon request.

The "full set delivery option" permits soliciting parties to continue to rely on traditional means of proxy delivery by sending a full set of proxy materials to shareholders, provided that the proxy materials include the information required in a notice of Internet availability and are also posted on the Internet. The "full set delivery option" was not originally proposed by the SEC, and was adopted in response to commenters' concerns about the uncertainty of the printing and handling costs of fulfilling requests for paper copies under the "notice only option."

The new rules do not apply to proxy materials for business combination transactions.

Compliance Dates

Large accelerated filers, not including registered investment companies, must comply with the amendments regarding proxy solicitations beginning on or after January 1, 2008. Issuers that are not large accelerated filers, registered investment companies and soliciting persons other than issuers must comply with the amendments regarding proxy solicitations commencing on or after January 1, 2009.

For Further Information

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