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SEC PROPOSES MODERNIZATION OF PROXY SOLICITATION RULES

On September 16, 2026, the Securities and Exchange Commission (the "SEC") proposed amendments to modernize the proxy solicitation rules (Release Nos. 33-11439; 34-106385; File No. S7-2026-33) under Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which govern how companies and others solicit proxies to vote at shareholder meetings. Many of these rules have not been updated in decades. The proposed amendments aim to reduce companies' compliance burdens by reflecting technological advances and developments in shareholder communication methods since the rules were adopted or last amended, without sacrificing investor protections.

At the same time, the SEC issued its much anticipated proposal to rescind the shareholder proposal rule under Rule 14a-8 and amend Rule 14a-4(c) (read more here).

PROPOSED AMENDMENTS

The proposed amendments would, among other things, update Regulation 14A to account for technological developments and changes in shareholder communication practices. Specifically, the proposed amendments would:

- Eliminate the requirement that registrants deliver an annual report to security holders;
- Eliminate the requirement to send the proxy statement at least 20 business days before the meeting date if information is incorporated by reference in the proxy statement;
- Eliminate Notices of Exempt Solicitations, whether required or voluntary;
- Reduce the minimum broker search period in connection with proxy solicitations from 20 business days to five business days;
- Require the inclusion of contact information on proxy statement and information statement cover pages; and
- Revise various rules and forms to reflect such amendments, as well as to correct errors that are technical in nature.

(1) ELIMINATION OF DELIVERY OF ANNUAL REPORTS TO SECURITY HOLDERS

Current Rule 14a-3(b) requires that, for a proxy solicitation relating to an annual meeting at which directors will be elected, the proxy statement must be accompanied or preceded by an annual report to security holders containing financial statements, management's discussion and analysis (MD&A), business and segment information, and disclosure about the registrant's directors and executive officers. Many registrants now send a Form 10-K or a "Form 10-K wrap" instead of a separate glossy annual report because Form 10-K contains substantially the same information. The proposed amendments would eliminate this delivery requirement, and instead require the proxy statement to be preceded by either (i) the filing of the registrant's Form 10-K on EDGAR or (ii) the furnishing of an annual report to security holders on EDGAR; the SEC would also eliminate the Item 201(e) stock performance graph requirement for registrants other than investment companies because comparable stock performance information is widely available online. The SEC states that these changes would reduce registrant costs and eliminate duplicative filings that may confuse investors.

(2) ELIMINATION OF DELIVERY DEADLINE FOR DOCUMENTS INCORPORATED BY REFERENCE INTO THE PROXY STATEMENT

Note D.3 to Schedule 14A currently requires registrants to send proxy statements to shareholders at least 20 business days before the meeting when a document is incorporated by reference; Forms S-4 and F-4 impose similar requirements. These provisions were adopted before EDGAR and mandatory electronic filing, when delivery of incorporated documents posed a greater concern. The proposed amendments would eliminate Note D.3 and the corresponding requirements in Forms S-4 and F-4. The SEC reasons that the incorporated filings are now publicly available on EDGAR and through hyperlinks, substantially mitigating the original delivery concerns, while the 20-business-day requirement causes delays, costs, and uncertainty for registrants and transaction counterparties.

In the proposing release, the SEC also discussed alternatives that it considered such as retaining a shorter minimum delivery period like ten business days, rather than eliminating the 20-business-day delivery deadline altogether. This alternative would preserve a minimum review window for security holders while reducing the delay, cost, and uncertainty of the current 20-business-day period, though it would yield smaller reductions in transaction timing uncertainty than full elimination.

(3) ELIMINATION OF REQUIREMENT TO SUBMIT NOTICE OF EXEMPT SOLICITATION

Under current Rule 14a-6(g), a person who beneficially owns more than $5 million of a registrant's securities must furnish a Notice of Exempt Solicitation on Form PX14A6G when the solicitation is exempt under Rule 14a-2(b)(1), is in writing, and is not already publicly available. The requirement was adopted to give registrants and other market participants visibility into otherwise non-public exempt solicitations by large shareholders. The proposed amendments would rescind Rule 14a-6(g) and Form PX14A6G. The SEC reasons that approximately 80% of notices submitted in 2025 were voluntary filings by shareholders below the threshold, that these notices can confuse shareholders because they appear on the registrant's EDGAR page alongside required filings, and that, in the alternative to filing voluntary notices, shareholders can communicate through third-party websites, press releases, and other public announcements. In January 2026, the Division of Corporation Finance updated its guidance to state that the Staff would object to voluntary submissions, which has led to a decline in their frequency. Market participants have since created third-party websites, such as Proxy Open Exchange, that list and provide access to exempt solicitations.

The SEC also considered amending Rule 14a-6(g), rather than rescinding it entirely, to prevent only voluntary filings of Notices of Exempt Solicitation by shareholders that do not meet the large shareholder ($5 million) threshold, while retaining the mandatory requirement for large shareholders. This alternative would preserve a cost-efficient communication channel for large shareholders and allow registrants continued access to potentially useful information about exempt solicitations.

The proposing release also discusses modifying registrants' EDGAR pages to display Notices of Exempt Solicitation similarly to insider filings, such as Forms 3, 4, and 5. Under this alternative, notices would not appear by default on the registrant's EDGAR filing page but would appear under the filing shareholder's EDGAR filings, reducing EDGAR page clutter while preserving the filing mechanism.

(4) SHORTENING THE MINIMUM BROKER SEARCH PERIOD

Current Rule 14a-13 requires registrants to inquire of record holders about the number of proxy materials needed for beneficial owners at least 20 business days before the record date for the annual or special meeting. The "20 business day" period was established through the 1983 and 1986 amendments to address delays in the paper-based, multi-step proxy transmittal process, including "piggybacking" of bank accounts (i.e., where one bank holds securities as record holder on behalf of other banks, which themselves hold on behalf of multiple beneficial owners and respondent banks).

The proposed amendments would shorten the minimum broker search period from 20 business days to five business days. The SEC reasons that widespread use of the internet and related digital communication tools has made intermediary coordination more efficient and that broker searches can now often be completed in as few as three days. In the SEC's view, the current 20-business day period therefore creates unnecessary delays, costs, and uncertainty for registrants and their counterparties. In particular, for M&A and other transactions that require shareholder approval, because the record date may not be set earlier than 20 business days after the broker search, the current requirement can increase the length of time necessary to consummate a transaction, introducing uncertainty from market volatility, regulatory changes, or competing bids. Also, in the case of contested director elections and other proxy contests, a registrant generally prefers to mail its proxy statement to shareholders as quickly as possible, and in advance of when the contesting shareholder mails its own proxy statement. A lengthier broker search period, which applies to the registrant but not to the contesting shareholder, may delay the registrant from mailing its proxy statement, even after the SEC Staff has completed its review of the registrant's filings.

Shortening the broker search period could also reduce opportunities for "empty voting" (i.e., the practice of borrowing shares before a record date to acquire voting rights without bearing the corresponding economic exposure). By compressing the interval during which market participants may learn of a record date before public disclosure, the amendment would narrow the window to borrow shares, potentially improving the alignment between voting outcomes and the preferences of shareholders with a substantive economic interest in the registrant. The SEC acknowledges, however, that the empirical evidence on the prevalence and economic significance of empty voting is mixed.

A shorter broker search period could also narrow the window for information leakage regarding upcoming record dates. Academic research provides evidence of informational leakages from brokers to certain clients, enabling those clients to obtain advance access to record-date information ahead of public disclosure. By reducing the period during which such leakage can occur, the proposed amendment could improve perceptions of market fairness, with potential benefits for market participation and liquidity.

On the other hand, the shorter period could reduce the time available for institutional lenders that learn of a record date through the broker search to recall loaned shares in order to vote. It could also leave dissident shareholders less time to accumulate shares, recall loaned shares, or coordinate with other investors in advance of a record date. These constraints may increase the cost of shareholder campaigns and, at the margin, reduce their frequency or likelihood of success. However, the SEC notes that the current broker search process is non-public, and dissident shareholders who learn of a record date through that process possess an informational advantage not shared by other investors. To the extent the amendment reduces that asymmetry, what appears as a competitive cost to dissidents may simultaneously represent a benefit to other market participants.

The existing seven-business-day response periods for brokers and dealers under Rule 14b-1(b)(1) and for banks under Rule 14b-2(b) would exceed the proposed five-business-day minimum, creating a potential misalignment that the SEC has asked commenters to address.

In discussing other reasonable alternatives, the SEC also considered shortening the broker search period to a number of days other than five. A period longer than five days but shorter than 20 would have lower benefits but could reduce the potential costs on share lenders, share borrowers, and dissident shareholders. A period shorter than five days could have greater benefits but would also impose greater costs, as securities lenders would have even less flexibility on timing their loan recalls and dissidents would have even less time to build support for shareholder campaigns.

(5) REQUIREMENT TO INCLUDE CONTACT INFORMATION ON PROXY AND INFORMATION STATEMENT COVER PAGES

Unlike many other SEC filings, the current cover pages of Schedules 14A and 14C do not require a representative's name, address, and telephone number. The proposed amendments would revise those cover pages to require a name, address (which may be an email address), and telephone number for a representative who can respond to questions or comments regarding the filing. The SEC believes the requirement will facilitate more timely communication between the SEC Staff and filers, benefiting filers by making it easier to communicate with the Staff member reviewing the filing.

(6) TECHNICAL AMENDMENTS

Some existing rules and forms contain obsolete references, typographical errors, and inconsistent terminology. The proposed amendments would make various technical, non-substantive corrections, including removing obsolete references to mailing physical copies of materials to SEC Staff, correcting typographical errors and revising certain other provisions for clarity and consistency.

ECONOMIC ANALYSIS HIGHLIGHTS

According to the SEC's economic analysis, the proposed amendments would generate approximately $7.7 million in aggregate annual cost savings. The SEC attributes approximately $3.5 million to allowing registrants to rely on previously filed Forms 10-K rather than delivering separate annual reports to security holders, approximately $3.9 million to eliminating the stock performance graph requirement, and approximately $280,000 to rescinding the Notice of Exempt Solicitation requirement. The SEC estimates approximately $380,000 in new aggregate annual costs from requiring contact information on proxy statement and information statement cover pages, and noted that it could not quantify the indirect benefits of reducing transaction delays, uncertainty, and costs for M&A transactions, contested director elections, and other corporate actions resulting from the elimination of the 20-business-day requirements.

COMMISSIONER STATEMENTS ON THE PROPOSAL

SEC Chair Paul Atkins released a statement where he highlighted the cost reductions, greater flexibility, and other potential benefits of the proposed amendments, including a reduction in the number of filings that currently can lead to shareholder confusion. Chairman Atkins framed the proposed amendments as reflecting two of his highest regulatory priorities: (i) ensuring that the SEC does not improperly intrude into state corporate law, and (ii) updating the rules to reflect developments in market practice and technology since their adoption or last amendment.

SEC Commissioner Mark T. Uyeda also released a statement in which he stated that the proxy solicitation modernization amendments are aimed at ensuring shareholders receive timely, accurate information through channels that reflect how investors communicate and access data today, and that eliminating duplicative or outdated requirements reduces unnecessary compliance costs for issuers and intermediaries. He emphasized that the SEC should regularly revisit its own rulebook to assess whether its regulatory framework keeps pace with evolving markets, technology, and investor needs.

In her statement, SEC Commissioner Hester M. Peirce expressed support for the proposal and excitement to review feedback on whether the stakeholders believe that the proposed changes will reduce company costs and burdens while maintaining investor protections.

REQUEST FOR COMMENTS

The proposing release includes 35 numbered questions across the individual proposed amendments and the economic analysis, in addition to a general request for comment on any aspect of the proposed amendments. The SEC encourages commenters to provide supporting data and analysis, and to suggest additional changes where appropriate.

The public comment period will remain open for 60 days following publication of the proposal in the Federal Register. Comments can be submitted (i) via the comment form on the SEC's website, (ii) via e-mail to rulecomments@sec.gov, including File Number S7-2026-33 in the subject line, or (iii) on paper to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

CONTACTS

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