

## **SEC ALLOWS ELECTRONIC DELIVERY OF PROXY MATERIAL**

**A**t an open meeting on December 13, 2006, the Securities and Exchange Commission unanimously adopted amendments to its proxy rules, effective July 1, 2007, that will allow, but not require, companies to furnish proxy materials to shareholders through a "notice and access" model using the internet.

The primary goal of the "notice and access" model is to make proxy material easier to use and understand by providing streamlined information with links to make the material interactive. In order to accomplish this goal, the "notice and access" model requires that companies:

- publish proxy material on their web sites; and
- provide to shareholders notice in plain English 40 days in advance of the associated shareholder meeting of the internet availability of the proxy materials, which extends the shareholder notice period ten days more than the previously required 30 days.

The notice must contain a legend that advises shareholders of:

- the date, time, and location of the shareholder meeting;
- the URL at which the proxy materials can be found;
- a toll-free number, e-mail address and a web site address that shareholders may use to request proxy materials in paper form; and
- a clear and impartial description of matters to be considered at the shareholder meeting.

A proxy card may not accompany the notice. However, if a shareholder does not respond within ten days of delivery of the notice, a company may deliver a proxy card to that shareholder if accompanied by a second copy of the original notice.

A shareholder who prefers proxy materials in paper form may request them and the company must send the paper materials within three days of receiving such a request. Furthermore, a shareholder may also make a permanent election to receive future proxy materials in paper form.



Likewise, a company that wishes to continue providing paper proxy materials may do so.

The "notice and access" model should decrease the expense incurred by companies in complying with the proxy rules by substantially decreasing printing and mailing costs. If it proves effective, the Commission is considering making the "notice and access" model mandatory, possibly as soon as the 2008 proxy season.

### Further Assistance

**G. William Speer**    [bspeer@pogolaw.com](mailto:bspeer@pogolaw.com)    404.572.6722  
**Margaret Bellis**    [mbellis@pogolaw.com](mailto:mbellis@pogolaw.com)    404.572.6839

Atlanta ■ Washington ■ Dallas

One Atlantic Center  
Fourteenth Floor  
1201 West Peachtree Street, NE  
Atlanta GA 30309  
Tel: 404.572.6600  
Fax: 404.572.6999

Third Floor  
901 New York Avenue, NW  
Washington DC 20001  
Tel: 202.347.0066  
Fax: 202.624.7222

JP Morgan Chase Tower  
2200 Ross Avenue, Suite 3200  
Dallas TX 75201  
Tel: 214.721.8000  
Fax: 214.721.8100

[www.pogolaw.com](http://www.pogolaw.com)

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