

## **Institutional Shareholder Services (ISS) Issues Guidance on Proxy Access Proposals**

**February 23, 2015**

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On February 19, 2015, ISS published Frequently Asked Questions on selected topics, including how it will recommend on proxy access proposals. Prior to this update ISS had not set forth specific parameters on how it would vote and instead took a case-by-case approach, taking into account company-specific and proposal-specific factors. In these Frequently Asked Questions, however, ISS states that it will generally recommend in favor of proposals (management and shareholder) for proxy access with the following provisions and against proposals that are more restrictive than these guidelines:

**Ownership threshold (i.e. the percentage of the voting power of the company's securities entitled to be voted at the meeting that must be owned by the nominating shareholder or group):**

Maximum requirement must not be more than three percent of the voting power.

**Ownership duration (i.e. how long the nominating or group must own the company's securities):**

Maximum requirement must not longer than three years of continuous ownership for each member of the nominating group.

**Aggregation (i.e. the number of shareholders whose holdings can be combined to meet the ownership threshold):**

There must be minimal or no limits on the number of shareholders permitted to form a nominating group.

**Cap (i.e. the maximum number of nominees that can be nominated using the proxy access rule):**

The cap on nominees should generally be twenty-five percent of the board.

ISIS notes that it will review for reasonableness any other restrictions on the right of proxy access. It does not provide examples of other types of restrictions but such a review seems appropriate given the many other topics that would need to be addressed in a proxy access bylaw (for example, deadline for notice, nominee eligibility and information required for nominees).



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