



SEC Re-Proposes Proxy Access

May 20, 2009

This morning the SEC held an open meeting to propose changes to the federal proxy rules that would require public companies to include director candidates nominated by shareholders in the company's proxy materials. The precise language of the proposal has not yet been released by the SEC.

While shareholders using the procedures proposed by the SEC would be required to represent that they are not seeking to change the control of the company or to nominate more than 25% of the company's directors, shareholders (or groups of shareholders) with as little as 1% of a company's shares in the case of large accelerated filers (increasing to 3% in the case of accelerated filers and 5% in the case of non-accelerated filers) would be permitted to include their nominees in a company's proxy materials as long as they have held those shares for at least one year and represent that they intend to continue to hold those shares through the date of the meeting. Shareholders would also be afforded increased access to a public company's proxy materials for proposals regarding procedural and disclosure-related matters relating to director nominations. These proposed amendments would also apply to registered investment companies.

This memorandum is for general information purposes and should not be regarded as legal advice. Please contact your relationship partner if we can be of assistance regarding these important developments. The names and office locations of all of our partners, as well as our recent memoranda, can be obtained from our website, www.simpsonthacher.com.

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UNITED STATES

New York

425 Lexington Avenue
New York, NY 10017
212-455-2000

Los Angeles

1999 Avenue of the Stars
Los Angeles, CA 90067
310-407-7500

Palo Alto

2550 Hanover Street
Palo Alto, CA 94304
650-251-5000

Washington, D.C.

601 Pennsylvania Avenue, N.W.
North Building
Washington, D.C. 20004
202-220-7700

EUROPE

London

Citypoint
One Ropemaker Street
London EC2Y 9HU England
+44-20-7275-6500

ASIA

Beijing

3119 China World Tower One
1 Jianguomenwai Avenue
Beijing 100004, China
+86-10-5965-2999

Hong Kong

ICBC Tower
3 Garden Road
Hong Kong
+852-2514-7600

Tokyo

Ark Mori Building
12-32, Akasaka 1-Chome
Minato-Ku, Tokyo 107-6037, Japan
+81-3-5562-6200

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