

Corporate & Financial Weekly Digest

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Court Vacates Shareholder Nomination Rule

On July 22, the United States Court of Appeals for the District of Columbia Circuit vacated Rule 14a-11 promulgated by the Securities and Exchange Commission. Rule 14a-11 permitted certain shareholders of public companies to nominate candidates for the board of directors outside a company's normal nomination process. The court held that the SEC was "arbitrary and capricious in promulgating Rule 14a-11" and thus violated the Administrative Procedure Act, and failed to adequately consider the rule's effect upon efficiency, competition and capital formation as required by Section 3(f) of the Securities Exchange Act of 1934 and Section 2(c) of the Investment Company Act of 1940.

Business Roundtable and Chamber of Commerce of the United States of America v. Securities and Exchange Commission, No. 10-1305 (D.C. Cir.)

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