



# California Corporate & Securities Law

## San Francisco And Portland (Me) Do What The SEC Refused To Do

By [Keith Paul Bishop](#) on November 8, 2011

Section 951 of the Dodd-Frank Act requires companies that are subject to the SEC's proxy rules to include in their proxy statements "a separate *resolution* subject to shareholder vote" to determine whether a shareholder vote on executive compensation will occur every 1, 2, or 3 years. When the SEC was considering amendments to its rules to implement this requirement, I [argued](#) that corporations should be free to use other voting rules such as a Borda count or preference ranking system. See "[Counting The Vote When There Are Three Choices](#)". Although the SEC noted my comment (and a similar comment from the [Society of Corporate Secretaries and Governance Professionals](#)) in its [adopting release](#), the SEC declined to take up the suggestion.

Thus, I was pleased to hear that the City of San Francisco is using a more sophisticated approach to voting. In the city's election today, voters will use a ranked-preference system to elect a mayor from a field of 16 candidates. You can read or listen to NPR's story on the election [here](#). San Francisco isn't the only city using ranked-choice voting. [Here](#) is the form of ballot being used in the mayoral election today in Portland, Maine .

It is dismaying that the SEC chose to adopt a system that obfuscates rather than clarifies stockholder preferences. These and other cities are demonstrating that they can do what the SEC refused to do.

Please contact [Keith Paul Bishop](#) at Allen Matkins for more information [kbishop@allenmatkins.com](mailto:kbishop@allenmatkins.com)

<http://www.calcorporatelaw.com/>