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SEC extends IPO confidentiality privilege to all companies

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Unlike proposals to grant proxy access, “fix-it” proposals aren’t gaining support

“Fix-it” proposals—those aimed at amending the requirements for proxy access—only received an average of 28.1% shareholder support during the 2017 annual shareholder meeting season.

Director pay is on the rise, according to a new report

Compensation Advisory Partners’ annual report on non-employee director pay trends indicates that total board fees increased 3% year over year; the median fee is \$290,000.

Broadridge reports on 2016 virtual annual shareholder meetings

In 2016, 187 companies held virtual shareholder meetings, with 155 of those being virtual-only.

See full articles below



Technology series *How can boards tackle the Essential Eight and other emerging technologies?*

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The quarter close – Directors' edition Q2 2017

The quarter close – Directors' edition is designed to keep directors informed about the latest accounting and financial reporting issues. Topics featured in this edition: Navigating the transition to the new definition of a business and goodwill impairment guidance, disclosing the implementation status of new accounting standards and accounting for intercompany loans.



How your board can be ready for crisis

No company is immune to crisis. Most companies experience at least one every four or five years. So it's important for directors to understand whether management has a sound crisis plan in place and to be alert for challenges that commonly arise—before, during and after a crisis occurs. Is your board prepared? Here are four actions your board can take to help ensure your company is ready if and when crisis strikes.

Events and education

Join our team for engaging discussions at these upcoming governance events:

GIC webcast: Risk in the digital age

July 25, 2:00pm EDT

CPE: 1.0

Join the GIC team as we discuss how the cyber threat environment is evolving, the new EU data privacy law, and what companies need to know about managing the risks, and reaping the rewards, of a digital world.

Skytop Strategies: Engagement & Communication for Management, Boards & Institutional Shareholders

New York, New York

September 7, 2017

Equilar/NASDAQ Board Leadership Forum

New York, New York

September 12, 2017

NACD Global Board Leaders' Summit

National Harbor, Maryland

October 1 – 4, 2017

Main articles

SEC extends IPO confidentiality privilege to all companies

The SEC [announced](#) that the Division of Corporation Finance will permit all companies, not just emerging growth companies, to file draft registration statements for initial public offerings for non-public review. This benefit was previously reserved for emerging growth companies, as defined by the JOBS Act. As of July 10, the expanded nonpublic review process allows companies to file their registrations in private, given that they file their paperwork publicly at least 15 days before any “road show” to meet potential investors. Division of Corporation Finance Director Bill Hinman stated, “This is an important step in our efforts to foster capital formation, provide investment opportunities and protect investors. This process makes it easier for more companies to enter and participate in our public company disclosure-based system.”

[Full requirements](#) are posted on the Division of Corporation Finance website.

Unlike proposals to grant proxy access, “fix-it” proposals aren’t gaining support

“Fix-it” proposals—those aimed at amending the requirements for proxy access—only received an average of 28.1% shareholder support during the 2017 annual shareholder meeting season. While proxy access was adopted by [175 companies](#) between the end of the 2016 proxy season and the 2017 season to date, fix-it proposals have not been as popular. Most proxy access bylaws state that shareholders who hold at least 3% of outstanding shares for at least three years can nominate up to 20% of board seats. Shareholders—typically up to 20—are allowed to aggregate their shares to meet the 3%. Half of fix-it proposals this season have focused on this shareholder cap, with the goal of increasing the number of shareholders that could pool their shares to reach the required 3%. The remaining proposals requested multiple amendments to proxy access bylaws.

To date, there has still been only one instance of an attempt to use proxy access—the failed attempt by GAMCO in November 2016 at National Fuel Gas.

Director pay is on the rise, according to a new report

Compensation Advisory Partners’ (CAP) [annual report](#) on non-employee director pay trends indicates that total board fees increased 3% year over year; the median fee is \$290,000. CAP reviewed the 100 largest companies’ 2017 proxies and highlighted the following related to director compensation trends:

- Only 11% of companies still pay meeting fees, as opposed to paying retainers for the year.
- Ninety-seven (97) percent of companies denominated their equity awards at a fixed value, as opposed to a fixed number of shares.
- The pay mix was 61% equity-based and 39% cash-based, on average.
- About half of companies paid members fees for audit committee membership and one-third paid fees for nominating/governance committee membership.

- Forty-seven (47) percent of the companies now have an award limit for director compensation.

Broadridge reports on 2016 virtual annual shareholder meetings

In 2016, 187 companies held virtual shareholder meetings, with 155 of those being virtual-only. The other 32 held hybrid meetings, typically an in-person meeting supported by virtual capabilities. When Broadridge started tracking this data in 2009, only four companies held virtual annual shareholder meetings.

Other highlights of the Broadridge [data](#) noted that of the 155 meetings that were virtual-only:

- Only six used live video; the remainder used live audio.
- No industry or sector was prevalent in the use of virtual meetings.
- Fourteen (14) percent were large-cap, 29% were mid-cap and 57% were small-cap.
- Twenty-one (21) of the companies were Fortune 500.
- Approximately 15% collected questions in advance, 99% allowed questions to be submitted online during the meeting and 5% allowed live phone questions during the meeting.

As reported in a few weeks ago, the Council of Institutional Investors sent a letter to Broadridge expressing their support for in-person meetings, but outlining how it believes companies can use virtual meeting technology to better serve shareholders.

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