



ISS Issues FAQs on Proxy Voting Policies Regarding Bylaw and Charter Amendments Adopted Without Shareholder Approval

Mar 2, 2015

Reading Time : **1 min**

Generally Not Materially Adverse

- advance-notice bylaws that set customary and reasonable deadlines
- director-qualification bylaws that require disclosure of third-party compensation arrangements
- exclusive forum provisions (when the venue is the company's state of incorporation).

Materially Adverse

- authorized capital increases that do not meet ISS' Capital Structure Framework
- board classification to establish staggered director elections
- director-qualification bylaws that disqualify shareholders' nominees or directors who could receive third-party compensation
- fee-shifting bylaws that require a suing shareholder to bear all costs of a legal action that is not 100 percent successful
- increased vote requirement for shareholders to amend the company's bylaws or charter
- removal of a majority vote standard and substitution of plurality voting
- removal or restriction of the right of shareholders to call a special meeting (including raising thresholds or restricting agenda items)
- removal or material restriction of shareholder right to act in lieu of a meeting via written consent.

In assessing the boards of pre-IPO (initial public offering) companies, ISS will consider the timing of the adoption of the provisions that diminish post-IPO shareholders' rights, the clarity of disclosures of such changes (including in the company's prospectus or other documents connected to the public offering) and the continuity of board membership.

Categories

Capital Markets

Corporate Governance

Compliance

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