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 Governance

## SEC Withdraws Certain Proposed Rules Including Rules on Exclusion of Certain Shareholder Proposals

The SEC withdrew fourteen proposed rules covering a broad range of topics.

Among the withdrawn rules is the SEC proposed rule on the exclusion of certain shareholder proposals.

The SEC’s action appears consistent with the administration’s drive for de-regulation and regulatory simplification.

On June 12, 2025, the SEC released a notice of withdrawal of fourteen proposed rules. In the release, the SEC noted that it does not intend to issue final rules with respect to these proposals. The SEC does not commonly withdraw proposed rules.

### Withdrawn Proposed Rule on Bases for Excluding Shareholder Proposals

The withdrawn proposed rule of likely greatest interest to corporate boards relates to the bases for excluding shareholder proposals from the corporate proxy.

On July 27, 2022, the SEC published a rule proposal that would have amended certain substantive bases for exclusion of shareholder proposals under the SEC’s shareholder proposal rule.<sup>1</sup> The proposed amendments would have revised the substantial implementation, duplication and resubmission bases for excluding shareholder proposals in the following respects:

Exclusion	Current Law	Proposed Revision
Substantial implementation	A company may exclude a shareholder proposal that “the company has already substantially implemented”	<ul style="list-style-type: none"> <li>A shareholder proposal may be excluded as substantially implemented if “the company has already implemented <b><i>all of the essential elements</i></b> of the proposal”</li> </ul>
Duplication	A company may exclude a shareholder proposal that “substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company’s proxy materials for the same meeting”	<ul style="list-style-type: none"> <li>A shareholder proposal “substantially duplicates” another proposal if it “addresses the same subject matter and seeks the same objective by the same means”</li> </ul>

<sup>1</sup> For more details on the proposed rule, refer to Meridian Client Update dated August 3, 2022, which is available here: <https://www.meridiancpc.com/insights/sec-proposes-amendments-to-shareholder-proposal-process/>.

Exclusion	Current Law	Proposed Revision
Resubmission	<p>A company may exclude a shareholder proposal if the following conditions are met:</p> <ul style="list-style-type: none"> <li>• The proposal “addresses substantially the same subject matter as a proposal, or proposals, previously included in the company’s proxy materials within the preceding five calendar years” and</li> <li>• The subject matter was voted on at least once in the last three years and did not receive sufficient shareholder support<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Modifies the first condition and maintains the second condition.</li> <li>• A company may exclude a shareholder proposal that constitutes a resubmission if it “addresses the same subject matter and seeks the same objective by the same means” <ul style="list-style-type: none"> <li>— The foregoing aligns with the proposed standard for the duplication exclusion</li> </ul> </li> </ul>

In effect, the proposed rule would have made it more difficult for a company to exclude a shareholder proposal based on any of these three reasons.

### Other Withdrawn Proposed Rules

The other proposed rules chiefly relate to investment advisers, market participants and crypto regulation. The proposed rules would have imposed compliance requirements on registered investment advisers related to (i) conflicts of interest and predictive data analytics, (ii) safeguarding client assets, (iii) cybersecurity risk management, (iv) ESG disclosures, and (v) outsourcing.

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<sup>2</sup> In 2020, the SEC amended the threshold levels of shareholder support that must be received in order for a company to exclude a proposal on the basis of the Resubmission Exclusion (see <https://www.sec.gov/rules/final/2020/34-89964.pdf>). A shareholder proposal would be considered as not receiving sufficient shareholder support if the proposal did not receive at least:

- 5% of the votes cast if previously voted on once;
- 15% of the votes cast if previously voted on twice; or
- 25% of the votes cast if previously voted on three or more times.