

Amendments to Form N-PX and Say-on-Pay Vote Disclosure



The Securities and Exchange Commission adopted rule and form amendments to:

- Enhance the information registered funds currently report on Form N-PX about their proxy votes; and
- Require institutional investment managers to report on Form N-PX how they voted proxies relating to certain executive compensation matters, or “say-on-pay” votes, as required by the Dodd-Frank Act.

Background

Registered funds and institutional investment managers (“managers”) hold substantial proxy voting power that they exercise on behalf of millions of investors. As a result, funds and managers can influence the outcome of a wide variety of matters that public companies submit to a shareholder vote, including, for example, matters related to governance, corporate actions, and shareholder proposals. Accordingly, investors have an interest in how these entities exercise that voting power. The Commission originally adopted the requirement for registered funds to disclose their proxy votes on Form N-PX in 2003. Prior to today’s amendments, however, investors have faced difficulties analyzing these reports because of a lack of standardization in the order and manner in which the information is presented, as well as the fact that such reports were not previously required to be filed in a machine readable, or “structured,” data language.

The amendments will increase the consistency and usefulness of proxy voting information that funds report on Form N-PX. In addition, the amendments will require managers that exercise investment discretion over securities with an aggregate value of at least \$100 million to report annually their say-on-pay votes consistent with the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Amendments

Identification of Proxy Voting Matters and Categories

For proxy votes in which a proxy card is required to be filed with the Commission, the rule and form amendments will require funds to use the same language as the issuer’s proxy card to identify matters on which the fund has voted, presented in the same order as the matters appear in the proxy card.

Funds will be required to categorize their votes so that investors can focus on the topics they find important. The amendments include categories for votes related to director elections, extraordinary transactions, say-on-pay, shareholder rights and defenses, and the environment or climate, among others.

Quantitative Disclosure and Securities Lending

The amendments will require funds to disclose the number of shares voted or instructed to be cast, as well as the number of shares loaned but not recalled and, therefore, not voted by the fund. Together, this information will improve the transparency of fund voting records and enable investors to more effectively monitor their funds' involvement in the governance activities of their investments, including providing context for understanding how securities lending activities affect voting practices.

Structured Data Language and Standardized Reporting Format

The amendments will require funds to file their reports using an XML structured data language, which will make the data easier to analyze. The form amendments also standardize the order of disclosure requirements on Form N-PX and require that each fund—including each series of a multi-series trust—present its complete voting record separately.

Say-on-Pay Vote Disclosure for Institutional Investment Managers

New rule 14Ad-1 will require managers to report annually on Form N-PX each say-on-pay vote over which the manager exercised voting power. The rule requires a manager to report say-on-pay votes when it uses voting power to influence a voting decision with respect to a security. The rule permits joint reporting of say-on-pay votes by managers, or by managers and funds, under identified circumstances to avoid duplicative reporting. It also requires additional disclosure to allow identification of a given manager's full say-on-pay voting record. Managers will also be required to comply with the other requirements of Form N-PX for their say-on-pay votes.

Additional Information:

The rule adoption release is available at [sec.gov](https://www.sec.gov) and will be published in the Federal Register. The rule and form amendments will be effective for votes occurring on or after July 1, 2023, with the first filings subject to the amendments due in 2024.