

U.S. SECURITIES AND EXCHANGE COMMISSION

Securities Act of 1933

Release No. 9149 / October 4, 2010

Securities Exchange Act of 1934

Release No. 63031 / October 4, 2010

Investment Company Act of 1940

Release No. 29456 / October 4, 2010

File No. S7-10-09

In the Matter of the Motion of)
)
Business Roundtable and the Chamber)
of Commerce of the United States of)
America) **ORDER GRANTING STAY**
)
For Stay of Effect of Commission’s Facilitating)
Shareholder Director Nominations Rules)
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)
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On September 29, 2010, Business Roundtable and the Chamber of Commerce of the United States of America filed a petition with the United States Court of Appeals for the District of Columbia Circuit seeking review of recent changes to the Commission’s proxy and related rules.¹ On the same date, petitioners filed with the Commission a motion to stay the effect of newly adopted Rule 14a-11 and associated amendments to the Commission’s rules² pending such review. Petitioners have not sought a stay of the amendment to Rule 14a-8 that the Commission adopted at the same time as Rule 14a-11. Petitioners represent in their stay motion that, if the Commission were to grant a stay, they would join in a motion seeking expedited review of their petition in the Court of Appeals.

The Commission has discretion to grant a stay of its rules pending judicial review if it finds that “justice so requires.”³ Without addressing the merits of petitioners’

¹ Business Roundtable, et al. v. SEC, No. 10-1305 (D.C. Cir., filed Sept. 29, 2010).

² These associated amendments include new Schedule 14N, new Rule 14a-18, and amendments to Rule 14a-2, among others.

³ Exchange Act Section 25(c)(2), 15 U.S.C. 78y(c)(2). Section 705 of the Administrative Procedure Act likewise provides that an agency may stay its own action pending judicial review when it finds that “justice so requires.” 5 U.S.C. 705.

challenge to the rules, the Commission has determined to exercise its discretion to stay Rule 14a-11 and related amendments to the Commission's rules, including the amendment to Rule 14a-8, pending resolution of petitioners' petition for review by the Court of Appeals.

The Commission finds that, under all of the circumstances of this matter, a stay of Rule 14a-11 and related rule amendments is consistent with what justice requires. Among other things, a stay avoids potentially unnecessary costs, regulatory uncertainty, and disruption that could occur if the rules were to become effective during the pendency of a challenge to their validity. Because the Commission and petitioners will seek expedited review of petitioners' challenge, questions about the rules' validity will be resolved as quickly as possible.

The Commission further finds that, under all of the circumstances of this matter, it is consistent with what justice requires to stay the effectiveness of the amendment to Rule 14a-8 adopted contemporaneously with Rule 14a-11 because the amendment to Rule 14a-8 was designed to complement Rule 14a-11 and is intertwined, and there is a potential for confusion if the amendment to Rule 14a-8 were to become effective while Rule 14a-11 is stayed.

Accordingly, it is ORDERED, pursuant to Exchange Act Section 25(c)(2) and Administrative Procedure Act Section 705, that the motion of petitioners filed on September 29, 2010 for a stay of the effect of Commission Rule 14a-11 and related amendments pending resolution of petitioners' petition for review by the Court of Appeals be, and hereby is, granted; and it is further

ORDERED, pursuant to Exchange Act Section 25(c)(2) and Administrative Procedure Act Section 705, that the amendment to Commission Rule 14a-8 adopted on August 25, 2010 is stayed pending resolution of petitioners' petition for review by the Court of Appeals.

By the Commission.

Elizabeth M. Murphy
Secretary