INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

Statement on the SEC's Decision to Discontinue Responding to No-Action Requests

August 17, 2026

In response to the SEC's announcement on August 14 that it intends to discontinue responses to no-action requests, **Tim Smith, Senior Policy Advisor for the Interfaith Center on Corporate Responsibility (ICCR)**, issued the following statement:

"The SEC's Division of Corporation Finance announced that its staff has discontinued entirely, effective immediately, responding to no-action requests, continuing its earlier decision affecting the 2026 proxy season. This decision leaves both companies and investors in uncharted waters and deprives companies and proponents of an orderly and time-honored process.

For decades, shareholder proposals have been a key mechanism for investors to engage with the companies they own, and have become an indispensable part of corporate governance. Shareholder engagement has encouraged many companies to adopt governance policies that are now widely adopted as best practices and recognized as important to long-term value creation. And resolutions relating to environmental and social impacts have led to important changes such as widespread adoption of human rights due diligence, corporate codes of conduct and better management of climate risks.

The Division staff's reviews of requests for no-action relief under Rule 14a-8 have traditionally considered both a company's request and the proponent's response. A company provides an analysis and asks that the staff concur in its view that a proposal may be omitted from the proxy statement pursuant to one of the exclusions enumerated in the rule. The proponent then has an opportunity to respond. With that input, the staff either concurs with the company and agrees not to recommend an enforcement action, or indicates that it does not concur.

The staff's input is important for companies as well as proponents because the rule otherwise mandates that proposals be included in company proxy statements. A company that unilaterally omits a proposal, without any clear representation by the SEC staff as to whether the staff concurs, threatens relations with the company's shareholders and creates potential legal risks.

In addition, the staff has now stated that it will end its practice, instituted in 2026, of issuing No Objection letters and will simply not reply to no-action requests by companies for the foreseeable future. And as the SEC acknowledged on its website, only the courts are empowered to determine whether a proffered exclusion applies. That risk to companies is arguably even higher where a staff has not even considered a proponent's response.

The Division has argued in the past that staff resources are strained and that it takes time to review a no-action request and reach a conclusion. However, the no-action decisions are important guidance to the parties that have long been relied upon by the market. Companies have traditionally gone to the staff for guidance. The current shift leaves companies without a clue as to whether, if they omit a proposal, they may be subjecting themselves to the risk of legal action. Investors are deeply concerned about the implications of companies simply deciding to omit a properly submitted shareholder resolution.

Precatory proposals provide an opportunity for all investors to communicate to companies whether an issue is of importance to them and if so, how best to do so. In this way, the vote enables companies to get a read on the pulse of their investors. The Division's decision to abandon the established no-action process upsets the balance that has been in place for decades.

Despite the SEC's announcement, investors remain fully prepared to engage in dialogue about their proposals and to consider withdrawals after finding common ground. As New York State Comptroller Thomas DiNapoli recently argued in letters to companies with which they had filed, engagement with shareholders constitutes sound governance and enhances mutual understanding and trust.

Given those mutual benefits, we believe any company filing an exclusion notice regarding a shareholder proposal should welcome and evaluate responses from proponents, including about the validity of their exclusion claims, and reevaluate its intent to exclude before taking the risky step of omitting a resolution.

In this uncertain environment, investors are being forced to evaluate additional alternatives when proposals are unilaterally excluded. For example, as occurred in the 2026 proxy season, some investors might vote against directors of companies that unilaterally omit resolutions. Others might present their proposals on the floor of the shareholder meeting instead of in the proxy. And yet others might choose to publicly highlight the risks for companies that omit resolutions, arguing they are undercutting shareholder value as well as sound corporate governance norms related to the rights of shareholders, and thereby disrespecting their own shareholders. Finally, as the staff reminds the parties in every no-action response, a proponent can pursue legal action in federal court.

Certainly, shareholders do not prefer such alternatives. Instead, we continue to believe that dialogue and the search for a win-win agreement by which a resolution can be withdrawn is in both a company's and its investors' best interests. We believe the best possible outcome would be for the Division to return to its established no-action process."