

United States Senate

WASHINGTON, DC 20510

Support the Shareholder Bill of Rights Act of 2009

Dear Colleague,

It has become apparent that one of the central causes of the financial and economic crises we face today is the widespread failure of corporate governance. In too many instances, within too many of our most important businesses and financial institutions, both executive management and boards of directors failed in their most basic duties. Compensation policies were enacted that had little to do with the long-term profitability of corporations. Risks were taken without appropriate analysis and oversight. And ultimately, too many corporate boards neglected their most fundamental responsibility – to prioritize the long-term health of their firms and their shareholders, and oversee management accordingly.

The consequences of poor corporate governance have proven to be disastrous not just for individual businesses, but, as we have learned, for the economy as a whole. In the past year alone, shareholders have lost trillions of dollars in investments in American corporations. This burden is borne not just by the wealthy, but by millions of middle-class Americans across the country, who are shareholders through their pension plans, 401(k) plans and direct investments. That is why I intend to introduce the Shareholder Bill of Rights Act of 2009. By requiring both boards and managers to be more responsive to the concerns of their shareholders, I am confident we will create more accountability, more transparency, and ultimately more long-term stability and profitability within the corporations that are so vital to the health, well-being, and prosperity of the American people and our economy.

The Act will:

- Require public corporations to hold an annual advisory vote on executive compensation policies, and require shareholder approval for executive “golden parachutes.”
- Confirm the SEC’s authority to grant shareholders access to the corporate proxy for nominations to the board of directors.

- Require corporate directors to be subject to annual shareholder votes, and to receive a majority of votes cast by shareholders in order to remain on the board.
- Require publicly listed corporations to separate the duties of Chief Executive and Chairman of the Board, so that boards can be assured of independent leadership.
- Require the boards of publicly listed corporations to create a separate risk committee in order to ensure that risk management is given appropriate oversight.

If you have any questions or would like to co-sponsor this legislation, please contact David Stoopler on my staff at 202-224-6542.

Sincerely,

A handwritten signature in black ink that reads "Charles Sch" followed by a long horizontal flourish.

Charles Schumer
United States Senator