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Five Years Later! The SEC's Proxy Advisor Rule is Vacated



Five years in the making! Recently, the US District Court for DC [granted summary judgment](#) and held that the SEC's rule regarding proxy advisors should be vacated. Back in 2019, ISS filed a lawsuit against the SEC over the SEC's interpretive guidance that vote recommendations provided by proxy advisors are considered "solicitations" under the proxy rules. The SEC followed up on its interpretative guidance in 2020 by [codifying](#) it in a rulemaking, along with requirements for proxy advisors to comply with in order to avoid SEC rules that apply to most proxy "solicitations." The SEC [adopted further rule amendments](#) in 2022 dropping several of the more stringent requirements included in the 2020 rules. At each of those steps, ISS amended its complaint.

Flash forward to today, and we finally have a decision. The court held that the SEC's view that providing proxy advice is a "solicitation" is contrary to law and in excess of statutory authority granted to it under the Exchange Act - and granted summary judgment to ISS.

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