AGENDA

OPINION

Retail Voting Programs: A Practical Expansion of Shareholder Voice

Retail voting participation is historically below 30%

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On Sept. 15, 2025, the SEC's Division of Corporation Finance granted no-action relief for a retail voting program.

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This voluntary program allows individual investors to provide a standing instruction authorizing the company to cast their votes in line with the board's recommendations at future shareholder meetings. Only retail investors are eligible to partake in the program, and they may choose to exclude contested director elections and M&A transactions.

The program preserves flexibility by allowing shareholders to opt out at any time at no cost. Participants will still receive proxy materials and may override their instruction on any agenda item.

Retail participation, historically below 30%, chronically lags the participation rate of institutions. But when retail investors do vote, they tend to back management at very high rates, often above 90% on issues unrelated to contested director elections and mergers and acquisitions.

This gap in participation largely reflects the rational apathy many retail investors hold toward casting annual ballots for companies across their portfolio. A low-effort, reversible standing instruction gives busy investors a practical way to express their preferences with minimal effort.

The program's architecture is designed intentionally with retail investors in mind; key features include opt-in consent, easy opt-out, annual reminders, ongoing delivery of proxy materials and the right to override any proposal.

These are all safeguards that effectively strike a balance between preserving the autonomy of shareholders and reducing administrative burden. The design is inherently pro-democratic, respecting the routine alignment that exists between retail holders and management while maintaining the right of a voter to dissent at the polls.

Shareholder democracy is not only about the right to vote, but also about making that right accessible. For millions of small investors, the choice has too often been binary: Either devote time to reading every proxy and voting on each item, or remain a bystander. Standing instructions introduce a third choice that allows shareholders to delegate their vote in a defined, revocable way (that mirrors how they would likely vote on routine matters) and also step in directly when the stakes are high.

Outcomes continue to be decided by elections, but this program preserves genuine investor choice.

It gives retail owners a tool that institutions have long enjoyed: the ability to systematize voting in line with a policy preference while retaining the option to depart from that policy at any time. In doing so, this initiative broadens participation, strengthens the legitimacy of outcomes and keeps power appropriately with investors. With thoughtful implementation, this program has the potential to improve shareholder democracy by strengthening investor choice and representation.

There are obviously uncertainties involved with the creation and scaling of any new engagement program.

Companies should assess compliance with corporate law and disclosure obligations in their jurisdictions. Operationally, issuers will need to coordinate with brokers, vote-processing agents and technology providers. We expect that the 2026 program will be a pilot limited to a small number of companies.

Companies that are interested in creating similar programs for the 2027 proxy season should expect to begin the rollout process in the fall of 2026. It is important to maintain regular contact with corporate counsel in order to monitor developments over the coming months.