

## Energy Insights

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### CONTROLLING ACTIVIST INVESTORS

*Potential Texas legislation would curtail activist investors and proxy advisors.*

Posted by Chris Havey on April 3, 2017

While we wait to see what deregulation might come out of the new administration regarding Dodd-Frank or other executive compensation regulations, the Texas legislature might take a huge step in favor of corporate boards and management. A bill currently pending in committee in the Texas legislature would impact any company headquartered in Texas, which includes a large number of oil & gas companies. There's a pointed summary of the bill here and the full text of the bill can be found here.

The proposed bill would require inordinate disclosures from any activist investor seeking to invest in a Texas-headquartered company and from any proxy advisor (e.g., ISS) seeking to issue a report on any director elections or any activist shareholder proposals for a Texas-headquartered company. As currently worded, the required disclosures would likely make it too burdensome for activist investors to pursue Texas-based companies or for proxy advisors to issue reports on Texas-based companies. The bill would obviously encourage companies to move their headquarters to Texas and may become a model for other states to replicate to maintain competitiveness.

We don't know the likelihood that this bill becomes law, but it is certainly worth keeping an eye on.

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