



## SEC Takes Strict Interpretation of Rule 14a-8's One-Year Holding Period Requirement

*March 13, 2014*

On March 10, 2014, in a no-action letter to SeaWorld Entertainment, Inc. (the "Company"), the Securities and Exchange Commission ("SEC") signaled its position that shareholders seeking to submit proposals for inclusion in the proxy materials of newly-public companies are not exempt from the requirement in Rule 14a-8(b)(1) that proponents must hold the requisite amount of stock in the company for at least one year by the date on which they have submitted their proposal.

On January 8, 2014, despite having completed its initial public offering of common stock approximately nine months earlier, the Company received a shareholder proposal for inclusion in the proxy materials to be distributed by the Company in connection with its 2014 Annual Shareholder Meeting. In a letter seeking no-action relief from the SEC, the Company took the position that because the proponent had not (and could not have) held shares in the Company for at least one year prior to the date on which it submitted the proposal, it was ineligible to submit a shareholder proposal at that time. The SEC concurred that the Company may properly exclude the shareholder proposal from its proxy materials, noting that "the proponent does not satisfy the minimum ownership requirement for the one-year period specified in rule 14a-8(b)." The SEC thus clarified the position it took in a no-action letter to Meridian Interstate Bancorp, Inc. (avail. June 17, 2008), in which the SEC similarly granted the requesting company no-action relief where the proponent purchased the company's common stock on the date of the company's initial public offering and submitted a shareholder proposal less than one year later.

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If you have any questions or would like additional information, please do not hesitate to contact [Yafit Cohn](mailto:yafit.cohn@stblaw.com) at (212) 455-3815 or [yafit.cohn@stblaw.com](mailto:yafit.cohn@stblaw.com), [Bradley P. Goldberg](mailto:bradley.p.goldberg@stblaw.com) at (212) 455-2064 or [bgoldberg@stblaw.com](mailto:bgoldberg@stblaw.com), or any other member of the Firm's Public Company Advisory Practice.

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**UNITED STATES****New York**

425 Lexington Avenue  
New York, NY 10017  
+1-212-455-2000

**Houston**

2 Houston Center  
909 Fannin Street  
Houston, TX 77010  
+1-713-821-5650

**Los Angeles**

1999 Avenue of the Stars  
Los Angeles, CA 90067  
+1-310-407-7500

**Palo Alto**

2475 Hanover Street  
Palo Alto, CA 94304  
+1-650-251-5000

**Washington, D.C.**

1155 F Street, N.W.  
Washington, D.C. 20004  
+1-202-636-5500

**EUROPE****London**

CityPoint  
One Ropemaker Street  
London EC2Y 9HU  
England  
+44-(0)20-7275-6500

**ASIA****Beijing**

3919 China World Tower  
1 Jian Guo Men Wai Avenue  
Beijing 100004  
China  
+86-10-5965-2999

**Hong Kong**

ICBC Tower  
3 Garden Road, Central  
Hong Kong  
+852-2514-7600

**Seoul**

West Tower, Mirae Asset Center 1  
26 Eulji-ro 5-gil, Jung-gu  
Seoul 100-210  
Korea  
+82-2-6030-3800

**Tokyo**

Ark Hills Sengokuyama Mori Tower  
9-10, Roppongi 1-Chome  
Minato-Ku, Tokyo 106-0032  
Japan  
+81-3-5562-6200

**SOUTH AMERICA****São Paulo**

Av. Presidente Juscelino Kubitschek, 1455  
São Paulo, SP 04543-011  
Brazil  
+55-11-3546-1000