

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 728

Introduced by Kauth, 31.

Read first time January 07, 2026

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to companies; to define terms; to require that
- 2 proxy advisors disclose whether a written financial analysis was
- 3 used for proxy services; to provide for enforcement under the
- 4 Uniform Deceptive Trade Practices Act; and to provide a civil cause
- 5 of action.
- 6 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** For purposes of sections 1 to 3 of this act:

2 (1) Company means a publicly traded for-profit corporation, limited
3 liability company, partnership, or other business entity that is
4 organized or created under the laws of this state, has its principal
5 place of business in this state, or is a foreign entity that has made a
6 company proposal to become a domestic entity, whether by merger,
7 conversion, or otherwise;

8 (2) Company proposal means any proposal made by a company to its
9 shareholders that is included in the company's proxy statement including,
10 but not limited to, director nominations or elections, or any proposal
11 relating to director nominations or elections, executive compensation,
12 corporate transactions, corporate structure, auditor selection, or
13 company policy on any subject;

14 (3) Default recommendation or policy means a system, set of rules,
15 principles, or guidelines designed to assist with voting decisions on any
16 company proposals or proxy proposals;

17 (4) Proxy advisor means a person who provides a proxy advisory
18 service for compensation to shareholders of a company or to other persons
19 with authority to vote on behalf of shareholders of a company;

20 (5) Proxy advisory service means any of the following services that
21 are provided in connection with or in relation to a company or are
22 provided to any person in this state:

23 (a) Advice or a recommendation on how to vote on a company proposal
24 or proxy proposal;

25 (b) Proxy statement research and analysis regarding a company
26 proposal or proxy proposal; or

27 (c) Development of proxy voting recommendations or policies
28 including establishing default recommendations or policies;

29 (6) Proxy proposal means any proposal made by a shareholder of a
30 company that is included in the company's proxy statement including, but
31 not limited to, a proposal relating to any of the subjects that could be

1 covered by a company proposal;

2 (7) Shareholder includes a shareholder, unitholder, limited partner,
3 or other equity owner of a company; and

4 (8) Written financial analysis means a written document that:

5 (a) Analyzes the expected short-term and long-term financial
6 benefits and costs to the company of implementing a company proposal or
7 proxy proposal;

8 (b) Concludes what vote or course of action is most likely to
9 positively affect shareholder value; and

10 (c) Explains the methods and processes used to prepare the analysis
11 including the experience and geographic location of the personnel who
12 formed the recommendation.

13 **Sec. 2.** (1) If a proxy advisor makes a recommendation against
14 company management on a company proposal or proxy proposal or makes a
15 default recommendation or policy involving votes against company
16 management on company proposals or proxy proposals and the proxy advisor
17 does not do so based on a written financial analysis, the proxy advisor
18 shall:

19 (a) Concurrently with providing the proxy advisory service, include
20 a clear and conspicuous disclosure to each shareholder, or entity or
21 other person acting on behalf of a shareholder receiving the proxy
22 advisory service that:

23 (i) Identifies the service being provided;

24 (ii) Identifies the recommendation or policy at issue; and

25 (iii) States that the proxy advisory service has made the
26 recommendation or policy without doing so based on a written financial
27 analysis regarding the impact of that recommended action on company
28 investors that:

29 (A) Analyzes the expected short-term and long-term financial
30 benefits and costs to the company of implementing the company proposal or
31 proxy proposal;

1 (B) Concludes what vote or course of action is most likely to
2 positively affect shareholder value; and

3 (C) Explains the methods and processes used to prepare the analysis,
4 including the experience and geographic location of the personnel who
5 formed the recommendation;

6 (b) For a proxy advisory service described in subdivision (5)(a) or
7 (b) of section 1 of this act, concurrently with providing the proxy
8 advisory service, provide the disclosure under subdivision (1)(a) of this
9 section to the board of directors of each company that is the subject of
10 the service; and

11 (c) While any proxy advisory services described in this subsection
12 are being provided, publicly and conspicuously disclose on the home or
13 front page of the proxy advisor's website a statement that the advisor's
14 proxy advisory services include one or more services that involve
15 recommendations or policies against company management on company
16 proposals or proxy proposals that are not made based on a written
17 financial analysis regarding the impact of that recommended action on
18 company investors that:

19 (i) Analyzes the expected short-term and long-term financial
20 benefits and costs to the company of implementing the company proposal or
21 proxy proposal;

22 (ii) Concludes what vote or course of action is most likely to
23 positively affect shareholder value; and

24 (iii) Explains the methods and processes used to prepare the
25 analysis, including the experience and geographic location of the
26 personnel who formed the recommendation.

27 (2) If a proxy advisor makes a recommendation against company
28 management on a company proposal or proxy proposal, or makes a default
29 recommendation or policy involving votes against company management on
30 company proposals or proxy proposals, and the proxy advisor does so based
31 on a written financial analysis, the proxy advisor shall:

1 (a) Concurrently with providing the proxy advisory service, include
2 a clear and conspicuous disclosure to each shareholder, or entity or
3 other person acting on behalf of a shareholder, receiving the proxy
4 advisory service that:

5 (i) Identifies the service being provided;

6 (ii) Identifies the recommendation or policy at issue;

7 (iii) States that the proxy advisory service has made the
8 recommendation or policy based on a written financial analysis that:

9 (A) Analyzes the expected short-term and long-term financial
10 benefits and costs to the company of implementing the company proposal or
11 proxy proposal;

12 (B) Concludes what vote or course of action is most likely to
13 positively affect shareholder value; and

14 (C) Explains the methods and processes used to prepare the analysis,
15 including the experience and geographic location of the personnel who
16 formed the recommendation; and

17 (iv) States that the analysis is available upon request;

18 (b) Make such analysis available within a reasonable time to any
19 client of the proxy advisory service upon request; and

20 (c) For a proxy advisory service described in subdivision (5)(a) or
21 (b) of section 1 of this act, concurrently with providing the proxy
22 advisory service, provide a copy of such analysis to the board of
23 directors of each company that is the subject of the service.

24 **Sec. 3.** (1) A violation of section 2 of this act constitutes a
25 deceptive trade practice under the Uniform Deceptive Trade Practices Act
26 and is subject to any remedies or penalties available for a violation
27 under the Uniform Deceptive Trade Practices Act. The Attorney General may
28 exercise all investigative powers under the Uniform Deceptive Trade
29 Practices Act if the Attorney General has reason to believe a violation
30 has occurred, is occurring, or is about to occur.

31 (2) In addition to enforcement under subsection (1) of this section,

1 any person aggrieved by a violation of section 2 of this act may bring a
2 civil action seeking a declaratory judgment or injunctive relief against
3 a proxy advisor who violates such section. Not later than the seventh day
4 after the date on which an action is brought under this subsection, such
5 person shall provide written notice to the Attorney General, who has a
6 right to intervene in the action.

7 (3) For purposes of this section, an aggrieved person includes:

8 (a) A recipient of proxy advisory services provided by the proxy
9 advisor; and

10 (b) A company, or any shareholder of such company, that is the
11 subject of proxy advisory services described in subdivision (5)(a) or (b)
12 of section 1 of this act provided by the proxy advisor.