SEC Urged To Require Disclosure of Corporate Political Spending

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By Andrew Ackerman
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A group of 10 law professors is asking the Securities and Exchange Commission to draft rules requiring public companies to disclose the political contributions they make, a followup to a recent Supreme Court decision prohibiting the government from banning corporate spending in political campaigns.

While some public companies already make these disclosures voluntarily, there are no uniform requirements even as investors have increasingly expressed a high level of interest in obtaining information about corporate spending on political activity, according to a petition the law professors filed with the SEC this week.

The law professors argue that while the Supreme Court declared unconstitutional any restrictions on corporate speech during elections, the high court's ruling in the case, Citizens United v. Federal Election Commission, assumed shareholders would be able to monitor the use of corporate resources on political activities.

"For this mechanism to work, however, shareholders must have information about the company's political speech," the law professors said. "Because the Commission's current rules do not require public companies to give shareholders detailed information on corporate spending on politics, shareholders cannot play the role the Court described."

While some amount of information on corporate spending on politics is already disclosed under federal, state and local election law, the information is scattered among several agencies in many different formats, the professors said. Crucially, an investor could not easily piece the disclosures together to get a complete picture of a company's public spending, they added.

The petition is led by Lucian Bebchuk, of Harvard Law School, and Robert Jackson, of Columbia Law School.

SEC spokesman Kevin Callahan declined to comment on the petition.