

---

## SEC Commissioner Gallagher Addresses Federal Role in Corporate Governance

FEBRUARY 6, 2013

In a [January 29 speech to the Corporate Directors Forum](#), SEC Commissioner Daniel Gallagher called for limiting the federal government's role in regulating corporate governance. He observed that, "[d]espite the original intent of the drafters of the [Securities Exchange Act of 1934] to leave corporate governance in the hands of the states, Congress and federal regulators have been increasingly engaged in corporate governance matters, albeit via indirect routes." Among other things, he points to Section 404 of the Sarbanes-Oxley Act, the executive compensation and specialized disclosure provisions of the Dodd-Frank Act, and the SEC's proxy access rules (ultimately struck down) as areas of unwarranted federal intervention. In Commissioner Gallagher's view, "states are inherently better suited to address varied and complex corporate governance issues."