

367.367 Definitions for KRS 367.367 to 367.369.

As used in KRS 367.367 to 367.369:

- (1) "Company" means a publicly traded for-profit corporation, limited liability company, partnership, or other business entity that is doing business in this state as defined in KRS 141.010(13);
- (2) "Company proposal" means a proposal made by a company that is included in the company's proxy statement, including a proposal regarding director nominations or elections, executive compensation, corporate transactions and structure, auditor selection, or similar measures;
- (3) "Default recommendation or policy" means a system, set of rules, principles, or guidelines designed to assist with voting decisions on any company proposal or proxy proposal;
- (4) "Economic analysis" means a written analysis of the economic impact of a shareholder-sponsored proposal, which shall include, at a minimum:
 - (a) The subject matter of the shareholder-sponsored proposal;
 - (b) Whether the board of directors of the issuer of securities opposes the shareholder-sponsored proposal and the stated reasons for the opposition;
 - (c) Whether the shareholder-sponsored proposal is consistent with the investment policy of the shareholder receiving the advice;
 - (d) The economic benefits and costs of implementing the shareholder-sponsored proposal, as written, in the long and short term;
 - (e) The quantifiable impact of the shareholder-sponsored proposal, as written, on the investment returns of the shareholder receiving the advice; and
 - (f) An explanation of the modeling, procedures, and processes used to complete the economic analysis;
- (5) A "material connection" is established if there is a substantial likelihood that a reasonable investor would consider it important in determining the financial risk or the financial return of an investment;
- (6) "Materially different advice," with respect to advice or a recommendation on how to vote on a company proposal or shareholder-sponsored proposal, means simultaneously advising or recommending that one (1) or more clients vote for:
 - (a) The proposal and one (1) or more clients vote against the proposal;
 - (b) A nominee for a company's governing authority and one (1) or more clients vote against or abstain from voting for the same nominee; or
 - (c) Or against the proposal in opposition to the recommendation of the company's management;
- (7) "Nonpecuniary interest" includes but is not limited to an environmental, social, political, or ideological interest which does not have a direct and material connection to the financial risk or financial return of an investment;
- (8) "Pecuniary factor" means a consideration having a direct and material connection to the financial risk or financial return of an investment;
- (9) "Proxy advisor":

- (a) Means any person who is engaged in the business of providing advice, research, analysis, ratings, or recommendations specifically with respect to proxy voting for compensation; and
 - (b) Does not include an "investment advisor" under the federal Investment Advisers Act of 1940, 15 U.S.C. sec. 80b-2, except when engaged in the business of providing proxy advisory service to a third party for compensation;
- (10) "Proxy advisory service" means any of the following services that are provided in connection with or in relation to a company:
- (a) Advice or recommendations on how to vote on a shareholder-sponsored proposal or company proposal;
 - (b) Proxy statement research and analysis regarding a shareholder-sponsored proposal or company proposal;
 - (c) A rating or research regarding corporate governance; or
 - (d) Development of proxy voting recommendations or policies, including establishing default recommendations or policies;
- (11) "Shareholder" includes a shareholder, unitholder, limited partner, or other equity owner of a company;
- (12) "Shareholder-sponsored proposal" means a proposal by a shareholder included in the proxy statement of an issuer of securities pursuant to 17 C.F.R. sec. 240.14a-8; and
- (13) "Solely in the interest of shareholders" shall be determined using only pecuniary factors and shall not include any purpose to further a nonpecuniary interest.

Effective: July 15, 2026

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