

SEC Proposes New Compensation Committee Rules

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On March 30, 2011, the SEC proposed new compensation committee rules for public companies. The rules would implement section 952 of the Dodd-Frank Act, which requires the SEC to issue rules regarding compensation committee independence.

The proposed rules contain two components: directing stock exchanges to prohibit the listing of any equity security of a company that fails to meet new compensation committee independence standards, and revising the compensation consultant disclosure required in proxy statements under Regulation S-K Item 407.

The wording of the SEC's proposed rules closely tracks the wording of the applicable Dodd-Frank Act provision. As has not been the case with several other recent proposals, the SEC Commissioners supported the proposed rules unanimously.

To view a summary of the proposed rules and an addendum setting forth Regulation S-K 407(e)(3) (iii) marked to show the SEC's proposed changes, click on the PDF link above.

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