

# SEC PROPOSES RULES ON CLAWBACK POLICIES & OTHER DODD-FRANK ACT EXECUTIVE COMPENSATION UPDATES

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## Executive Compensation Alert

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The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank" or the "Act") includes a number of measures focused on governance and disclosure practices related to executive compensation. Although several of these measures were implemented relatively quickly (e.g., the "Say-on-Pay" requirements), a number of other measures have been delayed as the Securities and Exchange Commission ("SEC") and other agencies continue to work through their rulemaking backlog. Recently, though, the executive compensation rulemaking process has kicked into a higher gear, with the SEC proposing several rules beginning last fall. In this Alert, we focus on three of these proposals:

- The "Clawback Policy" requirements under §954 of the Act (proposed in July 2015);
- The "Pay-for-Performance Disclosures" under §953(a) of the Act (proposed in April 2015); and
- The "CEO Pay Ratio Disclosures" under §953(b) of the Act (proposed in September 2013).

[Click here](#) for a complete update on the rulemaking status as of July 1, 2015 for the Act's executive compensation measures, including the location of proposed and final rules.

Of the three proposed rules listed above, we believe that the proposed rules regarding the adoption of a Clawback Policy will have the most potential impact on companies and their executives. If adopted as proposed, these rules would not only require companies to adopt a new (or revise an existing) clawback policy, but may also cause many companies to reconsider and adjust substantive compensation practices to avoid some of the key challenges associated with the proposed rules. In contrast, the proposed rules regarding Pay-for-Performance Disclosures and CEO Pay Ratio Disclosures, while potentially adding cost and complexity to proxy statement disclosures, are less likely in our view to result in significant changes to substantive compensation practices.

To read the full alert, [click here](#).

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