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Dodd-Frank Financial Services Reform Act Signed - New Requirements for Say on Pay, Executive Pay Disclosure



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MANAGING DIRECTOR

Passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act is the culmination of longtime efforts by Congress to increase regulation of the financial services industry. Significantly, the bill signed into law July 21 includes new mandates that eventually may influence the design, governance and disclosure of executive compensation programs at all public companies.

Among the mandates in the new legislation:

- Say on Pay advisory votes at least triennially for both executive pay and executive change-in-control arrangements
- Policies to claw back executive payouts based on subsequently restated financial statements
- Additional disclosure of performance-based pay, internal equity, hedging of company securities and combining the roles of CEO/COB
- New independence standards for Compensation Committees and their advisors
- Expanded reporting of incentive compensation risk at certain financial institutions.
- No broker discretionary vote on Say on Pay, golden parachutes and certain other issues.
- Shareholder use of proxy solicitation materials to nominate director candidates.

About the Author

Deb advises on executive compensation from a legal and regulatory perspective, including securities disclosure, tax and governance matters, contract negotiation, and reasonableness opinion letters.

About Pearl Meyer

Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.

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