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## The SEC's Holiday Gift: Final Rules for 2010 Compensation and Corporate Governance Disclosures



**Deb Lifshey**

MANAGING DIRECTOR

The SEC's newly released rules for proxy disclosure of executive compensation and corporate governance apply to statements filed on or after February 28, 2010 - a period that will encompass most, if not all, calendar year companies in the 2010 proxy season.

While generally similar to the SEC's original proposal last July, the final rules adopted last Dec. 16 by a 4-1 vote include meaningful and practical changes and clarifications that incorporate some of the voluminous public commentary submitted. Overall, the Commission took a sensible and practical approach to its goal of providing investors with the most clear and meaningful information.

Among the key areas of disclosure expanded under the new requirements:

- Compensation-Related Risk
- Grant Date Fair Value in Summary Compensation Tables (SCT)
- Use of Compensation Consultants
- Director and Nominee Experience and Qualifications
- Board Leadership
- Board's Role in Risk Oversight

### About the Author

Deborah Lifshey is a managing director at Pearl Meyer, where she specializes in advising clients on compensation matters from a legal perspective including securities disclosure, taxation and corporate governance issues, negotiation contracts, and reasonableness opinion letters.

### About 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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