CAPflash
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# Dodd-Frank Rulemaking Schedule Changed to "Pending Action"

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For Dodd-Frank legislation to be implemented, the SEC needs to develop rules governing several aspects of the legislation impacting executive compensation. In July, the SEC eliminated the rule-making schedule for the Dodd-Frank provisions listed below; instead of an expected timeline, the SEC website now indicates "pending action."

- §953, §955: Rules regarding disclosure of pay-for-performance, pay ratios, and hedging by employees and directors
- §954: Rules regarding recovery of executive compensation (clawback policies)
- Previously, the SEC had planned on proposing rules for these provisions between January and June 2012 and to finalize rules between July and December of 2012

## Conclusion

Elimination of the timeline reflects the delays in SEC rule-making. As a result, we expect that these provisions will not apply during the 2013 proxy season and there is significant uncertainty about when rules will be proposed. This would push implementation of the pay-for-performance and pay ratio disclosure aspects of Dodd-Frank to the 2014 proxy season. The timing delay is due, in part, to other more pressing regulatory issues (e.g., the JOBS Act).

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2013 will still be a busy year for both management and Compensation Committees due to Dodd-Frank. We expect annual Say on Pay (Dodd-Frank §951) votes to continue to demand significant attention. In addition, Committee and advisor independence standards (Dodd-Frank §952) were recently issued by the SEC and we should soon see listing standards governing independence proposed by the major exchanges.

Please contact us at (212) 921-9350 if you have any questions about the issues discussed above or would like to discuss your own executive compensation issues. You can access our website at www.capartners.com for more information on executive compensation.


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