

Updated Dodd-Frank Rulemaking Schedule

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January 6, 2012 – The SEC has updated its schedule for implementation of the remaining executive compensation-related provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). Importantly, the new timeline delays the SEC rule-making. As a result, we expect that these provisions will not apply during the 2012 proxy season.

NEW SEC COMPENSATION-RELATED RULEMAKING SCHEDULE

As background, for Dodd-Frank to be implemented the SEC needs to develop rules governing several aspects of the legislation impacting executive compensation. The list below provides a summary of the current planned timing of when rules will be issued.

January - June 2012 (Planned)

- §952: Adopt exchange listing standards regarding compensation committee independence and factors affecting compensation adviser independence; adopt disclosure rules regarding compensation consultant conflicts
- §953, §955: Propose rules regarding disclosure of pay-for-performance, pay ratios, and hedging by employees and directors
- §954: Propose rules regarding recovery of executive compensation (clawback policies)

July - December 2012 (Planned)

- §952: Report to Congress on study and review of the use of compensation consultants and the effects of such use
- §953, §955: Adopt rules regarding disclosure of pay-for-performance, pay ratios, and hedging by employees and directors
- §954: Adopt rules regarding recovery of executive compensation (clawback policies)

The implementation of Say on Pay votes in 2011 has already been a catalyst for change, and we expect many of the new rules to lead to meaningful changes to executive compensation programs in 2012-13.

CONCLUSION

The delay in the SEC’s rulemaking schedule pushes implementation of the pay-for-performance and pay ratio disclosure aspects of Dodd-Frank to the 2013 proxy season. However, 2012 will likely still be a busy year for both management and compensation committees in implementing new aspects of Dodd-Frank as final rules become available. The implementation of Say on Pay votes in 2011 (Dodd-Frank §951) has already been a catalyst for change, and we expect many of the new rules to lead to meaningful changes to executive compensation programs in 2012-13, including those related to governance and disclosure.

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.