

The SEC Proposes Rules on Shareholder Approval of Executive and Golden Parachute Compensation and on Reporting of Proxy Votes on Executive Compensation

Date: 10/26/10

On October 18, 2010, the Securities and Exchange Commissions ("SEC") issued two proposed rules called for by Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The first of these proposals requires two separate shareholder advisory votes: one to approve executive compensation (a "say-on-pay" vote), and a second to determine the frequency of advisory votes on executive compensation. This proposal further requires disclosure of compensation arrangements in proxy or consent solicitations in connection with merger transactions (known as "golden parachute" arrangements) and in some cases, a separate shareholder advisory vote to approve these arrangements.

The SEC's second proposal requires institutional investment managers subject to Section 13(f) of the Securities Exchange Act of 1934 ("Exchange Act") to report annually how they voted on executive compensation matters. If these proposed rules are adopted, they will take effect with an issuer's first annual or other meeting of shareholders occurring on or after January 21, 2011.

Attorney

- Charles A. Gilman