

ISS Announces New Data Verification Portal for Equity-based Compensation Plans

Institutional Shareholder Services Inc. (“ISS”) has announced the upcoming launch of a data verification portal for equity-based compensation plans included for shareholder approval in proxy statements of companies covered under ISS’ U.S. policy.¹ ISS stated that the portal is being created as part of its commitment to transparency and engagement in its data collection process and will allow it to gather input from companies to help ensure that the most timely and accurate data is used in ISS’ proxy research analyses and recommendations.

The portal will give companies requesting shareholder approval of equity-based compensation plans in definitive proxy materials filed with the Securities and Exchange Commission (“SEC”) the opportunity to preview and, if necessary, update the data that the ISS vote recommendations relating to the plans will be based on. Companies are not required to participate, but must file their definitive proxy materials at least 30 days prior to their meeting date in order to participate. Companies filing their definitive proxy materials after September 8, 2014 will be able to use the portal.

Companies must register for the portal before they can use it.² Once registered, company contacts will receive portal log-in information within five to seven business days. Companies must access and conduct equity plan data verification directly and not through outside advisors. Equity plan data verification will be separate and distinct from ISS Governance QuickScore verification and the S&P 500 Draft Review process. All U.S. companies can participate in equity plan data verification. It is not limited to S&P 500 companies as is the S&P 500 Draft Review process.

Once a company is registered on the portal and has filed its definitive proxy materials, a notification of the opening of its data verification window will be sent to its registered contacts via email after ISS has collected equity plan data from the definitive proxy materials. For most companies, the equity plan data verification period will open within 12 business days following the submission of its definitive proxy materials to the SEC. ISS will provide companies only two business days (beginning at 9:00 am Eastern time on the first business day and ending at 9:00 pm Eastern time on the second business day) to verify or request modifications to the data. Companies submitting a data update will generally receive a reply from ISS within five business days via email. The results of ISS’ review will also be posted on the portal.

If you have any questions about the issues addressed in this memorandum or if you would like a copy of any of the materials mentioned, please do not hesitate to call or email Charles A. Gilman at 212.701.3403 or cgilman@cahill.com; Jon Mark at 212.701.3100 or jmark@cahill.com; Kimberly Petillo-Décosard at 212.701.3265 or kpetillo-decosard@cahill.com; John Schuster at 212.701.3323 or jschuster@cahill.com; Glenn J Waldrip, Jr. at 212.701.3110 or gwaldrip@cahill.com; or Mary Stokinger at 212.701.3430 or mstokinger@cahill.com.

¹ See <http://www.issgovernance.com/equity-plan-data-verification>. ISS has also released several FAQs relating to the equity plan data verification portal. See <http://www.issgovernance.com/file/faq/equity-plan-data-verification-faq.pdf>. Appendix A to the FAQs lists the questions used by ISS in its analysis of equity plans and that will be included on the equity plan data verification portal, including the following categories of questions: (i) equity plan provisions, (ii) outstanding stock and convertibles, (iii) equity grant activity, and (iv) shares reserved and outstanding under equity compensation program.

² See <http://www.issgovernance.com/equity-plan-data-verification-webform/>.