

SEC Proposes Broad Clawback Rules for Executive Compensation

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On July 1, 2015, a divided Securities and Exchange Commission (the “SEC”) proposed rules to implement the clawback provisions of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The proposal, if adopted, would require public companies to implement policies to broadly recover incentive-based compensation paid to current or former executive officers based on materially misstated financial statements. For this purpose, incentive-based compensation is defined as compensation that is granted, earned, or vested based wholly or in part on attainment of a financial reporting measure, including stock price and total shareholder return.

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