
SEC Adopts Pay Ratio Disclosure Rule

Date: 08/17/15

The Securities and Exchange Commission ("SEC") recently adopted, by a 3-2 vote, a final rule (the "Final Rule") amending Item 402 of Regulation S-K ("Item 402") to require public companies to disclose (A) the median of the annual total compensation of all their employees (excluding the principal executive officer ("PEO")), (B) the annual total compensation of the PEO and (C) the "pay ratio" of (A) to (B).¹ The Final Rule will require this disclosure in any annual report, proxy or information statement or registration statement that requires executive compensation disclosure pursuant to Item 402 for fiscal years beginning on or after January 1, 2017.

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