

SEC Adopts Final Rules for “Say-on-Pay”

February 8, 2011

On January 25, 2011, the Securities and Exchange Commission (the “SEC”), acting on the directive set forth in the Wall Street Reform and Consumer Protection Act (also known as the “Dodd-Frank Act”), released its final rules relating to shareholder approval of executive compensation and “golden parachute” packages. Generally referred to as “say-on-pay,” the final rules implement new Section 14A of the Securities Exchange Act of 1934 (the “Exchange Act”) which requires companies to hold non-binding shareholder advisory votes on the following:

- the compensation of the company’s executives;
- the frequency with which such advisory votes are held; and
- golden parachute compensation paid to “named executive officers” in connection with merger or acquisition transactions.

The new rules also require certain disclosures regarding the effect of shareholder votes on executive compensation and certain disclosures relating to golden parachute payments, and the conditions under which they may be paid. [Read more ...](#)