

October 28, 2010

Shareholder "say on pay" has long been touted as a key tool for reining in runaway executive compensation. As a result of the recent Dodd-Frank Wall Street Reform and Consumer Protection Act, we will now be able to test the efficacy of that tool. Under Dodd-Frank, issuers will be required to include in their proxy statements separate shareholder advisory votes on say on pay and frequency of say on pay. These new votes are required for proxy statements that relate to annual meetings of shareholders occurring on or after January 21, 2011, whether or not the SEC has adopted implementing rules. Just barely in time to have its own say on how these matters should appear in proxy statements, the SEC has proposed new rules regarding proxy disclosure of say-on-pay proposals and the frequency of those proposals, as well as new rules regarding shareholder advisory votes on, and related disclosure concerning, golden parachute compensation arrangements, also required under Dodd-Frank.

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