Cooley

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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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Key Contacts

Kenneth Guernsey San Francisco	kguernsey@cooley.com +1 415 693 2091
Cydney Posner San Francisco	cposner@cooley.com +1 415 693 2132
Sam Livermore San Francisco	slivermore@cooley.com +1 415 693 2113
Tom Reicher San Francisco	treicher@cooley.com +1 415 693 2381
Thomas Welk San Diego	twelk@cooley.com +1 858 550 6016

Darren DeStefano Reston	ddestefano@cooley.com +1 703 456 8034
Francis Wheeler Colorado	fwheeler@cooley.com +1 720 566 4231
Miguel J. Vega Boston	mvega@cooley.com +1 617 937 2319
Eric Jensen Palo Alto	ejensen@cooley.com +1 650 843 5049