Cooley

SEC Roundtable on Executive Compensation: Quick Debrief

June 27, 2025

As previewed in this May 22 Cooley alert, on Thursday, June 26, the Securities and Exchange Commission (SEC) hosted a roundtable meeting to discuss potential updates to the existing executive compensation disclosure requirements. The meeting was opened by comments from SEC Chairman Paul Atkins, along with remarks from two commissioners. As noted by the chairman, the roundtable is just one of the first steps to review what he called a "Frankenstein patchwork" of disclosure rules that only specialized lawyers and compensation consultants can draft or understand. However, the remarks of the SEC officials and the following discussions over three separate panels – including a mix of investors, issuers and their advisors – offer some further insights into what that review process will look like. Another panelist compared the executive compensation disclosure regime to lasagna and another to rum raisin ice cream – i.e., something highly prized by only a very few.

We think that, based on the views expressed by the SEC and the various stakeholders represented on the panels (albeit a tiny subset selected by the SEC), the debate framing the best path forward will be lively, heated and likely, at times, somewhat contentious. We also think that, as a result, it is critical for public companies (and those contemplating a public offering) to make their voices heard, as an opportunity like this one to shape executive compensation disclosure rules happens only rarely (the last such opportunity was nearly 20 years ago, in 2006).

The SEC commissioners who spoke appeared uniform in their conviction that the existing rules are unduly complex, repetitive and overly inclusive, and have lost sight of their ultimate purpose of providing investors with appropriate information about corporate decision-making without imposing compliance costs out of proportion to the investor benefit, as they believe is presently the case.

That sentiment was generally echoed by the panelists. It is noteworthy, however, that at least some investor representatives on the panels called for **more** disclosure, and reminded the audience that the existing rules resulted from the financial crisis and the extensive loss of invested capital – circumstances they expect to recur at some point. That to us portends a brewing battle.

Particular scrutiny was focused on the (relatively) new pay versus performance (PvP), pay ratio and clawback rules, and also the treatment of executive security expenses and whether they should be disclosed as a perquisite or included in the summary compensation table at all. A recurring theme among representatives of issuers and their advisors, but not necessarily among those representing investors, was that the existing disclosure rules are cumbersome and costly and do not serve their intended purpose – a view seemingly not shared by investor representatives, some of whom, as noted, called for even more disclosure.

Because the PvP, pay ratio and clawback rules are rooted in Dodd-Frank statutory mandates and are now enshrined in SEC rules, change will take time and be cumbersome. By contrast, the SEC could more nimbly effect changes to the perquisite disclosure regime because the SEC's existing guidance largely is not rooted in either statute or regulation. Accordingly, a dual-track approach may result, with some changes (for instance, in respect of perquisites) more quickly available.

Various stakeholders appeared aligned that disclosure requirements should not drive, but to some extent have driven, executive compensation decision-making. A somewhat common refrain was that director focus on compensation disclosure and the resulting proxy advisor recommendations has potentially driven compensation program complexity. Of course, the legitimacy of that view is a complicated question – one that is short-changed by a facile view.

It is noteworthy that no attention was paid by the SEC or the panels to the scaled disclosure requirements available to smaller reporting and emerging growth companies. We believe that critical thought is needed to isolate the rationale for that regime, and whether the justification for its application can inform the appropriate

scope of disclosure for larger issuers.

What is clear coming out of the roundtable is that the process currently unfolding presents a once-in-a-generation opportunity to shape the rules governing public disclosure of executive compensation. Atkins spoke of a desire for comments in the next several weeks. While we think that timeline is ambitious and not realistic, it is nonetheless clear that the time for input is now.

Cooley will submit comments, and we encourage you to reach out to your Cooley contacts (or any of this alert's authors) if you do not intend to submit your own comments but have views you would like to have considered for inclusion in our submission.

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