

Congress Tries to Influence Timing of Pay Ratio Rule

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The SEC's proposed rules on pay ratio disclosure is again the focus of Congressional attention, as three members of the House, Congressional Progressive Caucus Co-Chairs Representatives Raúl Grijalva (D-AZ) and Keith Ellison (D-MN), joined by Financial Services Committee member Maxine Waters (D-CA), [sent a letter](#) to the SEC asking them to finalize those rules.

The letter states that as Dodd-Frank was enacted more than four years ago, the SEC should finalize the rule since boards, investors and others “need this information to better understand and assess CEO compensation” when casting say-on-pay votes, and also “whether company employees are fairly compensated.” The letter goes on to discuss ongoing concerns regarding the level of executive compensation.

In December, 15 Senate Democrats organized by Sen. Robert Menendez (D-N.J.), the author of the legislation, had [written](#) Chair White asking for her assurance that the SEC is planning to finalize the pay ratio rule soon, and in particular sought her commitment to bring the rule to the Commission for a vote before the end of the first quarter of 2015. The letter emphasized that the senators appreciated the SEC's “balanced proposal” and, importantly, the fact that the proposal did not include exemptions for non-U.S. or part-time workers that could conflict with the legislative intent.

But also in December, House Financial Services Committee Chairman Jeb Hensarling (R-TX), Representative Scott Garrett (R-NJ) and Representative Bill Huizenga (R-MI) asked Chair White to delay finalizing the pay ratio rule, as we previously [discussed here](#).

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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