

Obama Administration to Push for Legislation Mandating Say on Pay and Additional Independence Standards for Compensation Committee For All U.S. Public Companies

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Yesterday, various agencies of the Federal government announced or released pronouncements and guidance affecting executive compensation and corporate governance. While some are focused on financial institutions, many, if they go forward, will have sweeping applications to all U.S. public companies. First, Treasury Secretary Timothy Geithner announced a set of broad-based executive compensation principles applicable to all U.S. public companies. As part of the principles, the Obama administration intends to work with Congress to adopt legislation giving the SEC the authority to (1) require all U.S. public companies to give shareholders a nonbinding vote on executive compensation (say on pay) and (2) impose additional independence requirements on compensation committee members. In this regard, Treasury issued two fact sheets. The two links below describe the Obama administration's support for say on pay and the imposition of audit committee independence standards on compensation committee members.

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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