

SEC Finalizes Independence Rules for Compensation Committees and Advisers

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Yesterday, the SEC finalized rules implementing the Dodd-Frank Act's requirements regarding the independence of compensation committees and their advisers. For the most part, the SEC made few changes from the proposed rules, which in turn hewed very closely to the requirements of the statute. The national securities exchanges will have 90 days from the publication of the final rules in the Federal Register to propose listing standards implementing the rules and one year from that date of publication to finalize their standards.

The SEC also finalized disclosure requirements regarding compensation consultants and potential conflicts of interest. These requirements are not subject to this exchange rulemaking process and will be effective beginning with any proxy or information statement for an annual shareholders meeting (or a special meeting in lieu of an annual meeting) at which directors will be elected occurring on or after January 1, 2013.

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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