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NYSE and Nasdaq Propose Listing Standards on Compensation Committees and Advisers

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On September 25, 2012, both the NYSE and Nasdaq proposed listing standards to implement the SEC's requirements regarding the independence of compensation committees and their advisers. The proposed rules generally follow the SEC's requirements, with the exception of a few differences, the most significant being that the Nasdaq proposal includes a bright-line prohibition against the receipt by a compensation committee member of any compensatory fees. It remains to be seen whether the final rules as approved by the SEC will more closely align the proposals.

The NYSE proposal has an effective date of July 1, 2013, with a transition period for compliance with compensation committee member independence requirements until 2014. The Nasdaq proposal will become effective on the date the proposal is adopted, with a transition period for requirements relating to compensation committee membership and charter until 2014. Both proposals will be published by the SEC, and comments are due on or before the date that is 21 days from publication in the Federal Register.

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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