

SEC Proposes “Pay Versus Performance” Rule

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On April 29, 2015, a divided Securities and Exchange Commission proposed requiring U.S. public companies to disclose the relationship between executive compensation and the company’s financial performance. The proposed “pay versus performance” rule, one of the last Dodd-Frank Act rulemaking responsibilities for the SEC, mandates that a company provide, in any proxy or information statement:

- A new table, covering up to five years, that shows:
 - compensation “actually paid” to the CEO, and total compensation paid to the CEO as reported in the Summary Compensation Table;
 - average compensation “actually paid” to other named executive officers, and average compensation paid to such officers as reported in the Summary Compensation Table; and
 - cumulative total shareholder return (TSR) of the company and its peer group; and
- Disclosure of the relationship between:
 - executive compensation “actually paid” and company TSR; and
 - company TSR and peer group TSR.

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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