

SEC Extends Its Comment Period Regarding Compensation Committee and Adviser Independence

April 29, 2011 | Client Update

The SEC has just [extended the deadline](#) for comments in response to its proposed rules directing the national securities exchanges to adopt listing standards regarding the independence of compensation committees and advisers, as required by [Dodd-Frank](#). The original deadline was today, and we had submitted [our comments](#) yesterday in anticipation, but commenters now have until May 19, 2011.

Our comments generally applaud the SEC for giving the exchanges the flexibility to develop applicable independence considerations. We've also made suggestions for technical changes and clarifications, such as that the independence rules for compensation committee members should not apply to committees that are responsible for broad-based plans (e.g., 401(k) plans), that the independence rules for consultants and advisers should not apply to in-house or outside counsel retained by management and that IPOing companies should be permitted a transition period, as they currently have under existing listing standards.

The SEC will consider the comments that it receives and will then propose its final rules. Ultimately, it will be up to the exchanges to determine how to implement those rules, subject to SEC approval. Exchanges must have their final listing standards within one year after the SEC publishes its final rules 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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