

Final SEC Rule Regarding Listing Standards for Compensation Committees and Amendment to Proxy Disclosure Rules

June 29, 2012

The SEC issued a Final Rule, as required by the Dodd-Frank Act, that requires securities exchanges to adopt listing standards to address the independence of compensation committee members and the committee's authority to retain compensation advisers, consideration of the independence of compensation advisers, and responsibility for the appointment, compensation and oversight of the work of any compensation adviser. Each national securities exchange and national securities association must provide the SEC its proposed rule changes that comply with the Final Rule no later than 90 days after the Final Rule's publication in the Federal Register. Each national securities exchange and national securities association must have final rules or rule amendments that comply with the Final Rule approved by the SEC no later than one year after publication in the Federal Register. Once an exchange's new listing standards are in effect, a listed company must meet the standards in order for its shares to continue trading on that exchange. In the Final Rule, the SEC also amended its proxy disclosure rules to require new disclosures from companies about their use of compensation consultants and conflicts of interest. Issuers must comply with the disclosure changes in any proxy or information statement for an annual shareholders meeting at which directors will be elected occurring on or after January 1, 2013. The Final Rule can be found [here](#).