

SEC Adopts Dodd-Frank Act Pay Ratio Disclosure Rule

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The U.S. Securities and Exchange Commission (the "**SEC**") adopted its much-anticipated final rule under Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The rule requires a public company to disclose (1) the median of the annual total compensation of all its employees, except its chief executive officer ("**CEO**"); (2) the annual total compensation of its CEO; and (3) the ratio of the compensation of its CEO to the median compensation of its employees. Under the rule, a company would only be required to calculate median employee compensation once every three years and generally must include all employees, including part-time, seasonal, and non-U.S. employees. Although the company may choose among methods for calculating compensation, it must disclose the method it uses and must use the same method for calculating both CEO and employee compensation. The rule is effective for the first fiscal year beginning on or after January 1, 2017. The SEC Press Release can be found [here](#). The SEC Final Rule can be found [here](#).