SEC Issues Additional Guidance on Pay Ratio Rule

October 3, 2017

On September 21, 2017, the SEC issued interpretive guidance with respect to the pay ratio rule (i) clarifying its position on a registrant?ÃÃs use of reasonable estimates, assumptions and methodologies, and statistical sampling permitted by the rule, which are made with a reasonable basis and in good faith; (ii) clarifying that a registrant may use appropriate existing internal records, such as tax or payroll records, in determinations regarding the inclusion of non-U.S. employees and in identifying the median employee; and (iii) providing guidance as to when a registrant may use widely recognized tests under another area of law (such as the Internal Revenue Code) to determine whether its workers are employees for purposes of the rule. In addition, the SEC?ÃÃs Division of Corporation Finance issued separate guidance on using statistical sampling methodologies and other reasonable methodologies, providing examples to illustrate the use of such methodologies. **View the SEC?ÃÃs press release regarding the interpretive guidance**. **View the SEC?ÃÃs interpretive guidance**. **View the SEC Division of Corporation Finance guidance**.

© 2026 Haynes and Boone, LLP