SEC Publishes Analysis Related to Proposed Pay-Ratio Disclosure Rules

June 12, 2015

In 2013, the U.S. Securities and Exchange Commission (the ?ÃÂ£***SEC***?ÃÂ¥) issued proposed rules implementing Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires publicly traded companies to disclose (a) the median of the annual total compensation of all employees of the company other than the chief executive officer, (b) the annual total compensation of the company?ÃÃs chief executive officer, and (c) the ratio of (a) to (b) (the ?ÃÂ£***Pay Ratio***?ÃÂ¥). The Pay Ratio disclosure would be required in any annual report, proxy statement, or registration statement that requires executive compensation disclosure pursuant to Item 402 of Regulation S-K. In response to comments received with respect to the Pay-Ratio proposed rules, the SEC?ÃÃs Division of Economic and Risk Analysis (?ÃÂ£***DERA***?ÃÂ¥) published an analysis on June 4, 2015, which considers the potential effects on the Pay Ratio of excluding different percentages of certain categories of employees, such as employees in foreign countries and part-time, seasonal, or temporary employees. Although this is not a rule change, it may indicate the SEC?ÃÃs appetite for a modification of the proposed rules. Comments regarding the DERA analysis may be submitted until July 6, 2015. A copy of the SEC?ÃÃs press release regarding the DERA analysis is available **here**. A copy of the DERA analysis is available **here**.

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