

Corporate & Financial Weekly Digest

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SEC Further Delays Planned Rulemaking Schedule to Implement Certain Provisions of the Dodd-Frank Act

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On July 29, the Securities and Exchange Commission once again updated its planned schedule for adopting rules and taking other actions to implement the corporate governance and disclosure provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As reported in the April 15, 2011, edition of [Corporate and Financial Weekly Digest](#), the SEC had previously announced its revised planned rulemaking schedule to implement provisions of the Dodd-Frank Act. Below are updated time periods set forth in the SEC's further revised rulemaking schedule for governance and disclosure rules to be adopted during such time periods, as well as certain related actions. Section references are to the Dodd-Frank Act.

The following rules will be proposed in August – December 2011 and implemented in January – June 2012:

- Disclosure of pay-for-performance, pay ratios and hedging by employees and directors (Sections 953 and 955)
- Clawback of executive compensation (Section 954)

The following rules will be implemented in August – December 2011:

- Revision to the “accredited investor” standard (Section 413)
- Disclosure by institutional investment managers of votes on executive compensation (Section 951)
- Exchange listing standards regarding compensation committee independence and factors affecting compensation adviser independence; compensation consultant conflicts (Section 952)
- Disclosure related to “conflict minerals” and mine safety information; disclosure by resource extraction issuers (Sections 1502-1504)

The following rule will be implemented in January – June 2012:

- Disclosure of, and prohibitions of certain, executive compensation structures and arrangements (Section 956)

The following action will be taken in July – December 2012:

- Report to Congress on study and review of use of compensation consultants and effects of such use (Section 952)

The following rule will be issued at a date to be determined:

- Definition of “other significant matters” for purposes of exchange standards regarding broker voting of uninstructed shares (Section 957)

Given the SEC’s revised rulemaking schedule, it is highly unlikely that the requirements set forth above relating to disclosure of pay-for-performance, pay ratios and hedging by employees and directors, rules regarding executive compensation clawbacks, and disclosure of, and prohibition of certain, executive compensation arrangements will be effective for the 2012 proxy season. The revised schedule indicates that the SEC expects to implement by the end of 2011 final rules relating to, among other things, exchange listing standards for compensation committee and adviser independence and disclosure of compensation consultant conflicts; therefore, these new disclosure requirements may be effective for the 2012 proxy season, while the independence requirements will be subject to further rule implementation by the exchanges. As to disclosure related to “conflict minerals,” because the Dodd-Frank Act provides that these rules will be effective beginning with the first full fiscal year following the SEC’s adoption, this disclosure cannot be required for the 2012 proxy season.

Click [here](#) for the SEC’s complete updated rulemaking schedule for the Dodd-Frank Act.

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