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Mixed Signals on "Say-on-Frequency" Vote

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, public companies holding their annual meetings on or after January 21 will be required to include in their proxy statements a non-binding proposal soliciting shareholders' views on whether "say-on-pay" proposals should be submitted to shareholders on an annual, biennial or triennial basis. Proxy cards for such annual meeting will be required to provide shareholders with these three choices plus the ability to abstain.

Many companies have yet to decide whether to recommend one of these choices to shareholders and, if so, which choice to recommend. There have been conflicting reports with respect to the favored choice of public companies. On the one hand, *Compensia News* published a listing of 87 companies that filed proxy materials through January 8 containing "say-on-frequency" proposals, with a majority (45) favoring triennial "say-on-pay" votes. Twenty-five companies recommended annual votes, nine recommended biennial votes, and eight companies provided no recommendation. The listing of companies in each category does not provide any clear trend as between larger and smaller companies.

On the other hand, a Towers Watson poll of 135 publicly traded companies that had not yet filed proxy statements found that a majority of those surveyed expected to recommend annual "say-on-pay" votes. The Towers Watson survey also notes that most surveyed companies do not know the level of favorable shareholder vote that would be considered a "success" or otherwise indicative of preference. This is understandable, considering that shareholders will be required to be given four choices, that no one choice may actually receive a majority of the votes cast, and that in any event the vote is non-binding.

Click here to read the *Compensia News* report.
Click here to read the results of the Towers Watson poll.

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