

Corporate & Financial Weekly Digest

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SEC Outlines Planned Rulemaking Schedule to Implement Provisions of the Dodd-Frank Act

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The Securities and Exchange Commission has announced its planned schedule for proposing and adopting rules and taking other action to implement the corporate governance and disclosure provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Certain of the Dodd-Frank Act provisions apply to proxy materials and proxy voting records that are prepared in connection with annual meetings of shareholders that occur after six months following enactment (January 20, 2011). For these provisions, the SEC intends to propose and adopt final rules prior to such date. Other corporate governance provisions of the Dodd-Frank Act are not effective until the SEC adopts rules; of these, some include dates by which the SEC must act, while others are silent. The SEC considers matters with specified dates indicative of congressional priorities and will propose and adopt rules with respect to these areas first. The SEC expects to adopt all rules with dates specified in the Dodd-Frank Act by one year following enactment (July 21, 2011). Below are the time periods set forth in the SEC's planned rulemaking schedule and the rules to be proposed or adopted during such time periods, as well as certain related actions. Section references are to the Dodd-Frank Act.

The following rules or actions will be proposed or implemented in October–December 2010 and finalized in January–March 2011:

- Shareholder votes on executive compensation (Say on Pay), golden parachutes (Say on Parachutes) and disclosure by investment advisers of votes on executive compensation (Section 951)
- Implement a Whistleblower Incentives & Protection Program, report to Congress on such program, establish Whistleblower Office (Sections 922 and 924)
- Disclosure related to “conflict minerals” and mine safety information and disclosure by issuers engaged in the commercial development of oil, natural gas or minerals (Sections 1502-1504)
- Disclosure of, and prohibitions of certain, executive compensation structures and arrangements by covered financial institutions (Section 956)
- Reduction of the costs to smaller issuers (with market capitalization between \$75 million and \$250 million) for complying with Section 404(b) of the Sarbanes-Oxley Act of 2002, while maintaining investor protections for such companies (Section 989G)

The following rule will be proposed in October–December 2010 and finalized in April–July 2011:

- Exchange listing standards regarding compensation committee independence and factors affecting compensation advisor independence, compensation consultant conflicts (Section 952)

The following rules will be proposed or implemented in April–July 2011:

- Disclosure of pay-for-performance, pay ratios and hedging by employees and directors (Sections 953 and 955)
- Clawback of executive compensation (Section 954)
- Definition of “other significant matters” for purposes of exchange standards regarding broker voting of uninstructed shares (Section 957)

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

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