

Corporate & Financial Weekly Digest

February 17, 2012 by [Robert L. Kohl](#)

SEC Issues New C&DI on Description of Say-on-Pay Advisory Vote on Proxy Card and Voting Instruction Form

Co-authored by [James B. Anderson](#).

On February 13, the Securities and Exchange Commission's Division of Corporation Finance issued a new Compliance and Disclosure Interpretation (C&DI 169.07) which provides guidance as to the proper description on a proxy card and voting instruction form of an advisory shareholder vote to approve a registrant's executive compensation (Say-on-Pay) that is required by Rule 14a-21 of the Securities Exchange Act of 1934, as amended.

C&DI 169.07 provides the following examples of Say-on-Pay advisory vote descriptions that would be consistent with Rule 14a-21:

- To approve the company's executive compensation.
- Advisory approval of the company's executive compensation.
- Advisory resolution to approve executive compensation.
- Advisory vote to approve named executive officer compensation.

However, the description "To hold an advisory vote on executive compensation" would not be consistent with Rule 14a-21 because it is not clear from this description what shareholders are being asked to vote on. According to the SEC, shareholders could interpret the immediately foregoing description as asking shareholders to vote on whether or not the registrant should hold an advisory vote on executive compensation, rather than asking shareholders to actually approve, on an advisory basis, the compensation paid to the registrant's named executive officers.

Click [here](#) to view C&DI 169.07.