



LEGAL ALERT

January 31, 2011

SEC Finalizes Rules Regarding Shareholder Approval of Executive Compensation

In October 2010, the SEC proposed rules to implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to the shareholder approval of executive compensation and golden parachutes. The SEC has recently finalized these rules which take effect this proxy season. However, the final rules have exempted smaller reporting companies for two years.

Generally, the rules require that all public companies provide a non-binding advisory vote on compensation paid to named executive officers disclosed pursuant to Item 402 of Regulation S-K not less frequently than once every three years. Companies also must provide a separate vote on the frequency of the vote on executive compensation (either every one, two, or three years) at least once every six years. Companies must disclose their decision regarding the frequency vote within 150 days of the meeting on a Form 8-K.

The rules also require companies to provide a non-binding advisory vote on compensation paid to named executive officers in connection with an acquisition, merger, consolidation or proposed sale or other disposition of all or substantially all of the

company's assets in a business combination transaction, and provide additional tabular and narrative disclosure requirements relating to golden parachute compensation arrangements in disclosure documents relating to such transactions.

Smaller reporting companies are exempt from these rules for two years. Therefore, such companies must comply with these rules for shareholder meetings on or after January 21, 2013.

If you have questions on how these rules impact your company or would like assistance drafting the disclosure pursuant to these rules, please contact one of the following:

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