Summary of Key Corporate Governance and Executive Compensation Provisions

Proxy Access	Authorizes, but does not require, the Securities and Exchange Commission (SEC) to issue rules requiring an issuer to include shareholder nominees in its proxy materials. The SEC is expected to adopt rules before the 2011 proxy season.
Discretionary Voting	Requires national securities exchanges to prohibit discretionary voting by brokers with respect to the election of directors, executive compensation and any other significant matter, as determined by the SEC.
Credit Rating Agency Disclosures Subject to Regulation FD	Requires the SEC to amend Regulation FD to remove the exemption for disclosures to credit rating agencies. The SEC must act within 90 days after enactment of the Act.
Say-on-Pay	Gives shareholders a nonbinding vote on executive compensation at least once every three years and a nonbinding vote at least once every six years to determine the frequency of the say-on-pay vote. Both votes must be held at the first shareholder meeting occurring more than six months after enactment of the Act.
Shareholder Vote on Golden Parachutes	Gives shareholders a nonbinding vote on golden parachute arrangements when shareholder approval is sought for a merger or sale of the company, unless such arrangements were previously subject to a say-on-pay vote. Applies to shareholder meetings occurring six months after enactment of the Act.
Compensation Committees	*Independence of Committees*. Requires compensation committee members to be independent. When determining a director's independence, issuers must also look at the sources of compensation of the director, as well as whether the director is affiliated with the issuer. *Independence of Advisers*. Prior to selecting a compensation consultant, legal counsel or other adviser, the compensation committee must consider certain factors that affect the independence of such adviser. *Authority Relating to Advisers*. Compensation committees must have authority to retain or obtain the advice of an adviser and be directly responsible for the appointment, compensation and oversight of the adviser. The SEC must adopt rules within 360 days after enactment of the Act.
Executive Compensation – Pay Versus Performance Disclosure	Requires proxy statement disclosure regarding the relationship between executive compensation actually paid and the financial performance of the issuer. The Act does not set a deadline for SEC implementation of this provision.
Executive Compensation – Pay Equity Disclosure	Requires proxy statement disclosure on the median annual total compensation of all employees, the annual total compensation of the CEO and the ratio of these two amounts. The Act does not set a deadline for SEC implementation of this provision.

Clawbacks	Effectively requires issuers to develop and disclose clawback policies for the recovery of incentive-based compensation granted to any current or former executive officer based on erroneous data that is corrected in an accounting restatement. The Act does not set a deadline for SEC implementation of this provision.
Disclosure Regarding Employee and Director Hedging	Requires issuers to disclose whether employees or directors are permitted to purchase financial instruments designed to hedge any decrease in market value of the issuer's securities. The Act does not set a deadline for SEC implementation of this provision.
Whistleblower Incentives and Protections	Requires the SEC, in any successful enforcement action resulting in monetary sanctions exceeding $1 million, to pay whistleblowers between 10 and 30 percent of the collected amount. Also prohibits employers from retaliating or discriminating against whistleblowers and provides such individuals with a private cause of action against employers who do so. The SEC must adopt regulations within 270 days after enactment of the Act, but a whistleblower who provides information after enactment of the Act and before the effective date of the regulations may still receive payment.

Read Discussion