

# Meridian Client Update

## House Committee Passes Bill to Repeal Dodd-Frank Act's CEO Pay Ratio Disclosure Provision

On June 22, 2011, the House Financial Services Committee approved by a vote of 33 to 21, H.R. 1062, the "Burdensome Data Collection Relief Act" (the "Bill"), which would repeal Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). Section 953(b) of the Dodd-Frank Act would require companies to disclose the median of the annual total compensation of all employees of the company excluding the CEO, the annual total compensation of the CEO and the ratio between the two in proxy statements and other filings. This potential disclosure item has been roundly criticized as very burdensome and difficult to accurately compute. The Bill now goes to the full House for consideration.

Representative Barney Frank offered an amendment to the Bill intended to make the CEO pay ratio more workable. However, the amendment was defeated by two votes on a straight party-line vote. Frank's amendment would have limited the information related to the median compensation of all employees to only cash compensation and only domestic employees.

**Meridian Commentary:** We expect that the Bill will pass in the House as it stands, but approval in the Senate is less clear. We also expect amendments similar to Frank's to be introduced should the Senate hold committee sessions on the Bill.

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