

CLIENT ALERT

Navigating Compensation Governance

SEC Announces Roundtable Discussion on Executive Pay Disclosures

On June 26, 2025, the SEC will host a roundtable discussion on executive pay disclosures with representatives from public companies and investors, as well as other experts in this field.

In conjunction with the roundtable, members of the public may submit comments on executive pay disclosure requirements to the SEC no later than June 26, 2025.¹

The outcome of the roundtable could lead to a once-in-a-generation simplification of pay disclosure requirements.

On May 16, 2025, the Securities and Exchange Commission announced that it will host a roundtable discussion on executive pay disclosures which will be live streamed and recorded. The roundtable discussion is open to the public. Information regarding the roundtable's agenda and speakers will be posted before the event.

The impetus of the roundtable discussion is SEC Chair Paul Atkins' stated concern about the appropriateness of the current regulatory regime. Chair Atkins noted the following in the roundtable announcement:

"... disclosure requirements have been expanded to focus more and more on variations of components of compensation, rather than on total compensation. While it is undisputed that these requirements, and the resulting disclosure, have become increasingly complex and lengthy, it is less clear if the increased complexity and length have provided investors with additional information that is material to their investment and voting decisions."

Chair Atkins further noted that "It is important for the Commission to engage in retrospective reviews of its rules to ensure that they continue to be cost-effective and result in disclosure of material information without an overload of immaterial information."

In the development of the roundtable agenda, Chair Atkins asked the SEC staff to consider a series of questions which are appended to this Client Update.

The public may submit comments either electronically or via USPS according to the following instructions:

- **Electronic Comments:** Use the SEC's [Internet submission form](#) or send an email to rule-comments@sec.gov with "File Number 4-855" included in the subject line.

¹ See SEC Announces Roundtable on Executive Compensation Disclosure Requirements, SEC Press Release 2025-73, May 16, 2025, available at: <https://www.sec.gov/newsroom/press-releases/2025-73>

- *Paper Comments*: Send paper comments to Vanessa Countryman, Secretary, Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-1090.

All comments received will be posted without change.

Meridian intends to submit a comment letter to the SEC on this matter and we urge all interested parties to do so.

Given the Trump administration's stated goal of regulatory simplification, we believe the SEC's announcement presents a unique and unparalleled opportunity to ease the current regulatory burden associated with executive pay disclosures.

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The *Client Update* is prepared by Meridian Compensation Partners' Governance and Regulatory Team led by Donald Kalfen. Questions regarding this Client Update or executive compensation technical issues may be directed to Donald Kalfen at 847-235-3605 or dkalfen@meridiancp.com.

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Potential Questions for Consideration by SEC Staff in Setting Roundtable Agenda

Executive compensation decisions: setting compensation and making investment and voting decisions

1. What is the process by which companies develop their executive compensation packages? What drives the development and decisions of compensation packages? What roles do the company's management, the company's compensation committee (or board of directors), and external advisors play in this development?
2. Current disclosure requirements seek to unpack these processes for investors. How can our rules be revised to better inform investors about the material aspects of how executive compensation decisions are made?
3. What level of detail regarding executive compensation information is material to investors in making their investment and voting decisions? Is there any information currently required to be disclosed in response to Item 402 of Regulation S-K that is not material to investors or that could be streamlined to improve the disclosure for investors? How do companies' engagement with investors drive compensation decisions and compensation disclosure?

Executive compensation disclosure: past, present, and future

4. The Commission substantially revised its executive compensation disclosure requirements in 2006 with requirements to provide, among other things, enhanced tabular disclosure of compensation amounts and a compensation discussion and analysis of the company's compensation practices. The rules were intended to provide investors with a clearer and more complete picture of the compensation earned by a company's executive officers. Have these disclosure requirements met these objectives? Do the required disclosures help investors to make informed investment and voting decisions? Given the complexity and length of these disclosures, are investors able to easily parse through the disclosure to identify the material information they need? In what ways could disclosure rules be revised to return to a simpler presentation and focus?
5. The Dodd-Frank Act added several executive compensation related requirements to the securities laws, including shareholder advisory voting on various aspects of executive compensation. What types of disclosure do investors find material in making these voting decisions? Are companies able to provide such disclosure in a cost-effective manner? Do the current rules strike the right balance between eliciting material information and the costs to provide such information?
6. With the experience of almost 20 years of implementing the 2006 rule amendments, how can the Commission address challenges that either companies or investors have encountered with executive compensation rules and the resulting disclosures in a cost-effective and efficient manner while continuing to provide material compensation information for investors? For example, are there requirements that are difficult or costly to comply with and that do not elicit material information for investors? Are there ways that we can reduce the cost or otherwise streamline the compensation information required by the rules?

Executive compensation hot topics: exploring the challenging issues

7. The Commission recently adopted rules implementing the requirements of Dodd Frank related to pay-versus-performance and clawbacks. Now that companies have implemented the new rules, are there any lessons we can learn from their implementation? Can these rules be improved? If so, how? For example, which requirements of these rules are the most difficult to comply with and how could we reduce those burdens while continuing to provide investors with material information and satisfy these statutory mandates?
8. Since adoption of the pay-versus performance rules, I have continued to hear concerns regarding the rule's definition of "compensation actually paid" (CAP). What has been companies' experience in

calculating CAP and what has been investors' experience in using the information to make investment and voting decisions?

9. What has been companies' experience in applying the two-part analysis articulated by the Commission in 2006 with respect to evaluating whether perquisites for executive officers must be disclosed? How do disclosure requirements resulting from the test, and whether a cost constitutes a perquisite, affect companies' decisions on whether or not to provide a perquisite? For example, how has the application of the analysis affected evaluations relating to the costs of security for executive officers? Are there types of perquisites that have been particularly difficult to analyze? How do investors use information regarding perquisites in making investment and voting decisions?

Source: Statement on the Upcoming Executive Compensation Roundtable, Paul S. Atkins, Chairman, May 16, 2025; available at: <https://www.sec.gov/newsroom/speeches-statements/statement-upcoming-executive-compensation-roundtable>