MERIDIAN
COMPENSATION PARTNERS

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Meridian Alert

SEC Proposes Significant Changes to Executive and Director Compensation Disclosure Requirements

For the first time in twenty years, the Securities and Exchange Commission (SEC) has proposed overhauling the executive compensation and disclosure requirements for public companies. If adopted, the proposed rules would significantly scale back the disclosure requirements and would likely be effective for the Spring 2029 proxy season, with optional early adoption possible for the Spring 2028 proxy season.

The proposed amendments would include the following key changes:

- **Revise the named executive officers to cover the chief executive officer (CEO) and chief financial officer (CFO).** The proposed changes would reduce the number of named executive officers from five or more individuals under the current rule to two executive officers in the CEO and CFO roles at fiscal year-end (and any former CEO or CFO serving during the year).
- **Modify the primary executive compensation tabular disclosure requirements into three new tables** (i.e., the **Earned Compensation Table**, **Granted Compensation Table**, and **Status of Equity Awards Table**). The proposed changes would streamline the tables and accompanying narrative disclosures.
- **Increase the minimum aggregate reporting threshold for perquisites from $10,000 to $150,000.** The proposed changes would also introduce a new de minimis exclusion.
- **Allow companies more flexibility to determine that a benefit is a perquisite,** so long as the determination is reasonable and made in good faith.
- **Modify the Compensation Discussion and Analysis (CD&A) disclosure requirements to be more principles-based.** The proposed changes would (i) require companies to address only three topics in the CD&A (instead of the current seven topics) and (ii) eliminate the list of 15 example topics that may be required pursuant to a materiality standard under the current rule.

- **Simplify the pay-versus-performance disclosure requirement.** The proposed changes would reduce required performance measures and replace the complex "Compensation Actually Paid" calculation with the total compensation earned amount from the proposed Earned Compensation Table.
- **Modify the CEO pay ratio disclosure requirement.** The proposed changes would (i) limit the population used in the determination of "median employee" under the pay ratio rule to U.S. full-time employees, (ii) reduce the required frequency of the determination to every five years (from every three years), and (iii) use the total compensation earned from the new Granted Compensation Table for the CEO and median employee's pay amounts.
- **Eliminate certain disclosure requirements regarding the application of a company's mandatory Dodd-Frank clawback policy.** However, the proposed rules would not change the mechanics of a company's clawback process.
- **Make director compensation disclosure more principles-based.** The proposed changes would eliminate prescriptive requirements and certain elements of compensation that are atypical for director compensation programs. However, the proposed amendments would continue to require companies to include compensation amounts earned by each director.

Meridian will provide a more detailed summary of the proposed rules next week.

Meridian Perspective

We expect that the proposed rules may be modified before a final rule is adopted by the SEC. Certain institutional investors are likely to push back on certain elements, such as curtailing the number of named executive officers and significantly reducing required narrative disclosure relating to incentive plan goals and payout determinations. Additionally, once the SEC adopts final rules, Congress or investors may bring legal challenges to block the implementation of the rules.

The Meridian Alert was prepared by Meridian Compensation Partners' Governance and Regulatory Team co-led by Edward Hauder and Nathan Williams. Questions regarding this Client Alert or executive compensation technical issues may be directed to the Governance and Regulatory Team at govreg@meridiancp.com.

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Appendix

Meridian's implementation timeline assumes the following sequence of events:

Event	Date
SEC releases proposed rules	November 13, 2026
SEC comment period on proposed rules	60-days from publication in the Federal Register (November 2026 - January 2027)
SEC adopts final rules	During 2027
SEC effective date (per proposed rule)	January 1, 2028
First proxy that includes new disclosure rule for voluntary adopters	Proxies filed on or after January 1, 2028 through December 31, 2028
Mandatory compliance date	Fiscal years commencing on or after January 1, 2028
First proxy that includes new disclosure rule for mandatory compliance	Proxies filed on or after January 1, 2029

The table below briefly summarizes the current rules in comparison to the proposed rules:

Item	Current Rules	Proposed Rules
Covered Individuals (Number of NEOs)	Five (PEO, PFO, and three highest paid executive officers other than PEO or PFO)	Two (PEO, PFO)
Executive Pay Tabular Disclosures	1. Summary Compensation 2. Grants of Plan-Based Awards 3. Outstanding Equity Awards at Fiscal Year-End 4. Option Exercises and Stock Vested 5. Pension Benefits / Nonqualified Compensation	1. Granted Compensation Table (GCT)…*salary, non-equity awards and equity awards at target value* 2. Status of Equity Awards Table (SET)…*tracks each equity award granted from the first year until it is introduced in the GCT to until it is either reflected in the ECT or has expired* 3. Earned Compensation Table (ECT)…*salary, non-equity awards, equity awards, retirement contributions and perks / miscellaneous compensation, with stock awards reported at vest and options reported at exercise*
Perquisites	Minimum aggregate reporting threshold is $10,000	Increase to $150,000 and provide registrants discretion to determine whether a benefit is "integrally and directly related" to the performance of an executive's duties

Item	Current Rules	Proposed Rules
CD&A Discussion must address…	1. Objectives of compensation programs 2. What compensation program is designed to reward 3. Each element of compensation 4. Why the registrant choses to pay each element 5. How the registrant determines the amount for each element 6. How each element and the registrant's decisions regarding that element fit into the registrant's overall compensation objectives and affect decisions regarding other elements 7. Whether and how the registrant has considered the results of the most recent Say on Pay vote in determining compensation policies and decisions	1. Objectives of the registrant's compensation program in relation to its corporate strategy 2. The material elements of compensation and how those amounts are determined 3. Whether and how the registrant has considered the results of the most recent Say on Pay vote in determining compensation policies and decisions *Amendments reemphasize a **principles-based** approach to the CD&A.*
Pay-Versus-Performance Table	• Compensation Actually Paid (CAP) tracks year-over-year change in the fair value of unvested and vested equity awards • Company cumulative TSR, peer group cumulative TSR, GAAP net income and a company-selected measure must be presented • Five NEOs	• Replace CAP with the amount shown in the new ECT (see above) • Cumulative total shareholder returns only • Two NEOs
Clawbacks	Fiscal years on or after January 1, 2028	
Pay Ratio	• Median employee based on all U.S. and non-U.S. Full-time, part-time, temporary and seasonal employees • Three-year cycle	• Median employee based on U.S. full-time employees only • Five-year cycle