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# Meridian Client Update

## **SEC Releases Rulemaking Agenda for Next Twelve Months**

**On May 22, 2019, the Securities and Exchange Commission (SEC) released its Spring 2019 Regulatory Flexibility Agenda (“Reg Flex Agenda”), which identifies rule-making initiatives that the SEC expects to address over the next year and beyond.**

In its latest semiannual Reg Flex Agenda, the SEC identifies the following rule-making initiatives as among those that the SEC expects to address over the next twelve months:

- Propose rule amendments regarding the thresholds for shareholder proposals under Rule 14a-8.
- Propose rule amendments to regulate proxy advisors (e.g., to limit their reliance on exemptions from the SEC’s proxy solicitation rules, which we described in Meridian Client Update dated July 3, 2014).

The SEC’s Reg Flex Agenda also identifies the following rule-making initiatives as among those items that the SEC views as longer-term actions:

- Final rule on mandatory recoupment requirement and related disclosure.
- Final rule on pay versus performance disclosure.
- Final rule on incentive-based compensation arrangements at certain financial institutions that have \$1 billion or more in total assets.
- Propose amendments to the proxy rules to require additional disclosure about the diversity of board members and nominees.

### **Meridian Comment**

In a speech dated December 6, 2018, SEC Chair Jay Clayton stated that the SEC’s regulatory agenda “had become too aspirational” and expressed a commitment to focus the Reg Flex Agenda to increase transparency and accountability. In that speech, Chair Clayton signaled that proxy advisory firm regulation and amendments to the thresholds for submitting shareholder proposals were near-term priorities. The current Reg Flex Agenda reflects his commitment to those rule-making priorities.

Chair Clayton has also stated his commitment to move forward with final rule-making on the two Dodd-Frank mandates on disclosure and governance matters that remain outstanding: (i) disclosure on pay versus performance, and (ii) mandatory recoupment policy and related disclosures. The SEC issued proposed rules on both of these items four years ago. The exact timing and final provisions of those two mandates are not clear. While they appear on the SEC’s longer-term Reg Flex Agenda, we would not be surprised to see the SEC issue final rules in 2020.

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