

Meridian Client Update

SEC Publishes Updated Regulatory Flexibility Agenda

Agenda includes a number of executive compensation and corporate governance related rulemaking proposals.

On June 11, 2021, the SEC published its Spring 2021 Regulatory Flexibility Agenda (“Agenda”). The Agenda includes the following rulemaking proposals on executive compensation and corporate governance related matters:

Topic	Rulemaking Stage	Description	New Item	Target Date for Issuance of Proposal
Board Diversity	Proposed Rule	Enhance registrant disclosures about the diversity of board members and nominees	No	October 2021
Human Capital Management Disclosure	Proposed Rule	Enhance registrant disclosures regarding human capital management	Yes	October 2021
Rule 10b5-1 Trading Plans	Proposed Rule	Refresh rules and regulations of Rule 10b5-1 Trading Plans	Yes	October 2021
Clawback Policy (Dodd-Frank Act Requirement)	Proposed Rule	Reissue proposed rules directing national listing exchanges to require companies to adopt a clawback policy and disclose such a policy	No	April 2022
Proxy Voting Advice	Proposed Rule	Potential revisions to final rules adopted in 2020 regarding proxy advisors’ voting advice	Yes	April 2022
Pay Versus Performance Disclosure (Dodd-Frank Act Requirement)	Final Rule	Implement rules requiring disclosure on the relationship between executive compensation actually paid and financial performance	No	April 2022

In a statement published on June 14, 2021, Republican SEC Commissioners Peirce and Roisman expressed their concern that the Agenda indicates that the SEC will “spend our scarce resources to undo a number of rules the Commission just adopted.” They also expressed concern that including recently adopted rules in the Agenda “undermines the Commission’s reputation as a steady regulatory hand” while adding that “it is hard to see how the Commission could change course on such complex matters before the Commission’s latest actions have fully taken effect.” They indicated their hope that Chair Gensler will “reconsider the need to revisit freshly minted rules”.

Meridian Comment. The SEC’s Agenda identifies the SEC Chair’s priority rule-making initiatives and rules that could be forthcoming in the next 12 to 24 months. A number of the Agenda items were carried forward from the SEC’s Spring 2020 Agenda, while others are newly added and/or updated target dates for the issuance of rules. Notably, the list is consistent with recent comments by SEC Chair Gensler that the SEC may refresh regulations on Rule 10b5-1 trading plans and the recent announcement by the Corporate Finance Department to revisit proxy advisor regulations adopted in 2020.

The SEC is under no obligation to meet its self-imposed deadlines under the Agenda and often does not.

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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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