

From the Public Company Advisory Group of Weil, Gotshal & Manges LLP

June 27, 2025

SEC ROUNDTABLE ON EXECUTIVE COMPENSATION DISCLOSURE

“From Frankenstein to Core Principles” – What We Learned and What May Change

On June 26, 2025, the U.S. Securities and Exchange Commission hosted a half-day roundtable to examine whether its executive compensation disclosure regime still meets the goal of “clear, concise and understandable” information that is material to investors. Opening remarks by Chair Paul Atkins and the other SEC Commissioners framed the central question: *Has three decades of incremental rulemaking produced an unwieldy structure that obscures, rather than illuminates, pay-for-performance?*

Three panels – comprised of directors, human capital executives, pay consultants, in-house and outside counsel, and large investors or their representatives – discussed and analyzed how executive compensation is set and the entire disclosure framework, from the 1992/2006 Regulation S-K Item 402 disclosure requirements to the Dodd-Frank add-ons (i.e., say-on-pay, pay-ratio, pay-versus-performance (PvP) and clawback disclosures). While panelists did not agree on all issues, there was agreement on at least four themes:

1. **Complexity and length have outstripped usefulness.** Panelists noted that Compensation Disclosure and Analysis narratives have ballooned over the years, and the multiple, overlapping equity tables provide only limited incremental insight, prompting many investors to recreate the numbers in their own models rather than rely on the proxy’s required tables.
2. **Executive personal security costs are not perks.** Panelists urged the SEC to re-interpret bona-fide personal security expenses as non-perks.
3. **The PvP, pay-ratio and clawback rules all merit re-examination.** The PvP and pay-ratio requirements drew the most criticism for high compliance cost and limited decision-usefulness, while the new clawback rule was faulted for overbreadth and implementation uncertainty, leading many panelists to say all three warrant re-examination.
4. **A principles-based reset could reclaim materiality.** Suggestions included parallel “target” and “outcome” award tables that mirror board materials, a single equity life-cycle schedule, and XBRL tagging of quantitative fields.

While the SEC received numerous advance comments from investors, issuers and industry groups, Chair Atkins asked for any other interested parties to submit comments to the SEC within the next few weeks. The Division of Corporation Finance will digest the comment letters and roundtable feedback. We believe that a formal rule proposal will not appear until late 2025 at the earliest. However, a revised interpretation of whether or not executive personal security should be included in compensation as a “perk” could emerge ahead of the next proxy season.

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