# SEC Proposes Overhaul of Executive Compensation Disclosure

**November 16, 2026**

## Key Takeaways

On November 13, 2026, the Securities and Exchange Commission (the "SEC") proposed comprehensive amendments to the executive and director compensation disclosure requirements under Item 402 of Regulation S-K (Release Nos. 33-11455, 34-106873 and IC-36385). The proposal would not just reduce the volume of required disclosure; it would substantially change how executive pay is presented to investors.

Key proposed changes include:

- Executive compensation disclosure would cover only the reporting company's principal executive officer and principal financial officer, not other highly compensated executive officers.
- The proposal would effect a near-total overhaul of the compensation tables. Three new tables would distinguish earned from granted compensation and track equity awards, replacing four existing tables and eliminating the Pension Benefits and Nonqualified Deferred Compensation Tables.
- Hypothetical termination and change-in-control payments would no longer be quantified.
- The perquisite reporting threshold would increase from $10,000 to $150,000, with a new de minimis exclusion and greater flexibility in determining whether benefits, including personal security arrangements, are reportable as perquisites.
- The CD&A narrative would be scaled back to cover three required topics instead of seven, while certain non-GAAP compensation measures would require GAAP reconciliations and additional explanation.

- Pay-versus-performance and pay ratio disclosures would be substantially simplified, and compensation risk and option-grant timing disclosure requirements would be eliminated.

- The prescribed Director Compensation Table would be eliminated, but quantitative disclosure for each director would remain. Golden parachute and clawback disclosure would be streamlined.

- Companies pursuing IPOs or other transactions using long-form registration statements could omit the most recent fiscal year's compensation disclosure until the earlier of its disclosure in an Exchange Act filing or 120 days after fiscal year-end.

- The proposed rules would also narrow the gap between the general requirements and the scaled rules applicable to smaller reporting companies ("SRCs") and emerging growth companies ("EGCs"), although SRCs and EGCs would remain exempt from the CD&A and pay ratio requirements.

Comments on the proposal are due 60 days after Federal Register publication. If adopted, the amendments would become effective on the next January 1 following publication of the adopting release. Companies would be required to apply the amendments for their first full fiscal year ending on or after the effective date but could elect to comply any time after the effective date, so long as they comply with the amended item in full. The proposal remains subject to change, and companies should continue to follow the existing rules until any final amendments become effective.

## Executive Compensation Disclosure Would Be Limited to CEO and CFO

Under proposed Item 402(a)(2), named executive officers ("NEOs") would consist of all individuals serving as the company's principal executive officer (the "PEO") or principal financial officer (the "PFO"), or acting in a similar capacity, during the last completed fiscal year. The currently applicable requirement to also include the three most highly compensated executive officers other than the PEO and PFO, and up to two additional former executive officers, would be eliminated. For an individual serving as PEO or PFO during only part of a covered fiscal year, compensation for the full fiscal year would be reported. The definition would also apply to SRCs and EGCs.

## Three New Tables for Earned and Granted Compensation & Equity Awards

The proposal would replace four existing tables—the Summary Compensation Table, Grants of Plan-Based Awards Table, Outstanding Equity Awards at Fiscal Year-End Table and Option Exercises and Stock Vested Table—with the Earned Compensation, Granted Compensation and Status of Equity Awards Tables, three new tables that consolidate and update the information contained in the tables being replaced. The Pension Benefits and Nonqualified Deferred Compensation Tables would also be eliminated.

The Earned and Granted Compensation Tables would generally cover three fiscal years, or two for SRCs and EGCs, subject to the accommodation available to newly reporting companies. Companies could omit tables or columns with no reportable compensation, split or add columns or add supplemental tables, provided they present all required information. Registrants would also be required to disclose any material information necessary to an understanding of the information presented in the three tables.

### 1. Earned Compensation Table

| Earned Compensation Table | | | | | | | |
|---|---|---|---|---|---|---|---|
| Name and Position | Year | Salary Earned ($) | Non-Equity Awards Earned ($) | Equity Awards | | Miscellaneous Compensation Received ($) | Total Compensation Earned ($) |
| | | | | Stock Awards Vested ($) | Option Awards Exercised ($) | | |
| *(a)* | *(b)* | *(c)* | *(d)* | *(e)* | *(f)* | *(g)* | *(h)* |
| [PEO] | | | | | | | |
| [PFO] | | | | | | | |

The proposed Earned Compensation Table under Item 402(b) would report, for each of the PEO and PFO, compensation earned during the last three years, including the following items:

- **Salary and non-equity awards.** Salary would be reported when earned. Annual cash bonuses, signing and retention bonuses, non-equity incentive awards and earnings on outstanding non-equity incentive awards would be combined in the "Non-Equity Awards Earned" column. Amounts would be reported in the year earned, even if deferred or earned for a single year of a multi-year award. The proposal does not otherwise specify when a non-equity award is considered earned.

- **Stock awards and option awards**. Stock awards would be reported at the value realized upon vesting, generally at the closing market price on that date. Options would be reported at the value realized upon exercise, using the difference between the closing market price and the exercise price. Transfers for value would also be covered. Because the focus of the rule is on amounts earned, these amounts would often relate to awards granted in earlier years. This table would also likely show large year-to-year fluctuations when executives vest in or exercise earlier-year equity awards. Companies may need to explain how the timing of vesting or exercise relates to prior compensation decisions.

- **Miscellaneous compensation**. The "Miscellaneous Compensation Received" column would replace "All Other Compensation" and include specified items not reported elsewhere: reportable perquisites (subject to the proposed $150,000 threshold and de minimis fringe benefit exclusion discussed below), tax gross-ups, termination and change-in-control payments, company contributions to defined contribution and nonqualified deferred compensation plans, certain pension costs, life insurance premiums and company payments toward option exercise prices or related taxes. It would also include above-market or preferential nonqualified deferred compensation earnings and dividends or other earnings on outstanding equity awards, even if factored into the grant date fair value. Other compensation would be reported only if material or voluntarily disclosed. Prescribed item-by-item footnotes would be eliminated, although companies would remain required to disclose material information necessary to understand the table.

For defined benefit arrangements, the table would report service and prior service costs instead of the annual change in the actuarial present value of accumulated benefits, avoiding fluctuations from discount rates, mortality assumptions and other factors unrelated to the company's compensation decisions.

### 2. Granted Compensation Table

| Granted Compensation Table | | | | | | |
|---|---|---|---|---|---|---|
| Name and Position | Year | Annualized Salary ($) | Non-Equity Awards Granted ($) | Equity Awards | | Total Compensation Granted ($) |
| | | | | Stock Awards Granted ($) | Option Awards Granted ($) | |
| *(a)* | *(b)* | *(c)* | *(d)* | *(e)* | *(f)* | *(g)* |
| [PEO] | | | | | | |
| [PFO] | | | | | | |

The proposed Granted Compensation Table under Item 402(c) would report compensation granted to each PEO and PFO over the last three years, generally at target value, emphasizing compensation opportunities rather than amounts ultimately earned.

- **Annualized salary**. Salary would be reported at its annualized value as of the last day of the fiscal year, rather than the amount earned during the year. This would reflect any salary increases or other adjustments that became effective during the year.

- **Non-equity awards**. A single column would show the aggregate target value of annual cash, signing, retention and discretionary bonuses and non-equity incentive plan awards without separate threshold or maximum payouts. Non-equity awards would generally be reported in the year granted, except that awards earned in an earlier fiscal year would be reported in that earlier year. For example, an annual bonus granted in the first quarter of a fiscal year but earned in the preceding year would be reported in the preceding year.

- **Stock awards and option awards**. Equity awards would be reported at aggregate grant date fair value under FASB ASC Topic 718, assuming target outcomes for performance, market or service conditions. This would replace the current requirement to use the probable outcome for awards subject to performance conditions and could result in values different from those reported in financial statements. For awards with multiple performance outcomes, the target outcome would be achievement of the stated target at the 100% level; for binary awards, it would assume that the award criteria are met and the award is fully earned. Incremental fair value from repriced or materially modified options or stock appreciation rights would also be included.

Equity awards would generally be reported in the year granted. Companies could instead report an award in the preceding fiscal year if they determine that the award relates to performance in that year and the award is granted during the first quarter of the following fiscal year. Companies making this election would be required to apply the reporting approach consistently across the years presented and disclose the election.

Target-based values may differ from those reported in the financial statements, particularly for market-condition awards for which achievement of target performance is not probable. Where a divergence between target and probable outcomes is material to understanding the disclosed grant-date fair value—for example, a "moonshot" award with a very low probability of achieving target performance—companies would be required to provide supplemental disclosure explaining the divergence.

### 3. Status of Equity Awards Table

| Status of Equity Awards Table | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Name and Position | Equity Award Terms | | | | | | Equity Award Status | |
| | Grant Date | Award Type | Grant Amount or Range (#) | End of Performance Period, If Applicable | Final Vesting Date, If Known | Exercise Price, If Applicable | Amount Vested (#) | Amount of Options Exercised / Expired (#) |
| *(a)* | *(b)* | *(c)* | *(d)* | *(e)* | *(f)* | *(g)* | *(h)* | *(i)* |
| [PEO] | | | | | | | | |
| [PFO] | | | | | | | | |

The proposed Status of Equity Awards Table under Item 402(d) would track each PEO and PFO equity award from grant through vesting, exercise or expiration, including:

- **Equity award terms**. For each award, companies would disclose the following items: the grant date; a description of the award type or designation; the number of underlying securities or, if applicable, the range based on threshold, target and maximum outcomes; the end of the performance period; the final vesting date, if known; and the applicable exercise or base price. Grant amounts and ranges would be shown in numbers of securities rather than in annually recalculated dollar values.

- **Equity award status**. For each award, the table would disclose the cumulative number of shares or underlying securities that have vested and the number of options that have been exercised or expired, including amounts reported in prior years. Stock awards could be omitted after being reported as fully vested, while option awards would remain in the table until fully exercised or expired.

- **Additional disclosures**. Companies would disclose vesting schedules and material performance, market or service conditions, whether in the table, footnotes, supplemental narrative disclosure or in conjunction with other required disclosures, such as the CD&A. Standard vesting schedules could be described by award type, with material deviations identified.

The table would generally be stated as of fiscal year-end. However, if the company elects to include a first-quarter equity award as prior-year compensation in the Granted Compensation Table, it must report the terms and status of all awards as of the end of that first quarter or, if earlier, the latest practicable date, and disclose the date used. This is a broader updating requirement than simply adding the newly granted award.

## Hypothetical Termination and Change-in-Control Payments Would No Longer Be Required to Be Quantified

Proposed Item 402(i) would eliminate the required quantification of potential payments and benefits under hypothetical termination or change-in-control scenarios. For each person serving as PEO or PFO during the last fiscal year, companies would still generally be required to describe the material terms of written or unwritten arrangements providing payments at, following or in connection with termination or a change in control. Termination would include resignation, severance, retirement and constructive termination (such as a change in responsibilities). Disclosure of these arrangements could be omitted to the extent already provided under Form 8-K Item 5.02.

The exclusion for nondiscriminatory arrangements generally available to all salaried employees would remain. Actual termination or change-in-control amounts paid or accrued would appear in the Earned Compensation Table.

## Perk Disclosure: Higher Threshold and Greater Flexibility

The proposal would make several significant changes to perquisite disclosure.

### Increased $150,000 Threshold and De Minimis Exclusion

Perquisites and other personal benefits would be reported in the Earned Compensation Table only if their aggregate value for an NEO reaches $150,000, up from $10,000. Companies could exclude benefits qualifying as de minimis fringe benefits under Internal Revenue Code Section 132(a)(4) when testing that threshold. Tax gross-ups, including those for perquisites, would remain separately reportable.

### More Flexible Guidance for Identifying Perquisites

The SEC would retain a two-part test but give companies more flexibility to determine whether an item is a perquisite under a test that would include "good faith" and "reasonableness" as components:

- an item is not a perquisite or personal benefit if it is integrally and directly related to the performance of the executive's duties, as determined by the company reasonably and in good faith; and
- an item is a perquisite or personal benefit if the company determines, reasonably and in good faith, that it is not integrally and directly related to those duties and it

confers a direct or indirect personal benefit, unless generally available on a nondiscriminatory basis to all employees.

These changes appear intended to moderate the SEC's "one size fits all" historical approach to many perquisites. In applying the first prong, companies could consider a benefit's business purpose and value to the company. The SEC would rescind prior examples of items requiring disclosure as perquisites or personal benefits, including security provided at an executive's personal residence or during personal travel. Under the new approach, a company could reasonably conclude in good faith that round-the-clock security or required personal use of company aircraft for security reasons is integrally and directly related to an executive's duties and therefore not a perquisite. The determination would remain fact specific.

### Elimination of Prescribed Valuation and Itemized Disclosure Requirements

The proposal would eliminate the existing requirement to value perquisites using aggregate incremental cost to the company, without prescribing a replacement methodology. Companies could still use that method but need not revalue benefits solely for Item 402 that have already been valued for federal income tax purposes. The SEC considered, but did not propose, requiring companies to disclose the valuation methodology used, and it requests comment on whether alternative valuation guidance should be provided. The need for a stated methodology that can be applied in a reasonably uniform way is likely to be a focus of industry comments. The proposal would also eliminate requirements to identify individual perquisites or separately quantify their value, although material information necessary to understand the compensation tables would still be required.

## CD&A Would Focus on Three Core Topics

Proposed Item 402(e) would focus the CD&A on material principles and factors underlying the company's executive compensation decisions for the PEO and PFO, reducing seven required topics to three:

- the objectives of the company's compensation program in relation to its corporate strategy;
- the material elements of compensation and how amounts are determined; and
- if applicable, whether the company considered the most recent say-on-pay vote in determining compensation policies and decisions and, if so, how that consideration affected those policies and decisions.

The proposal would also eliminate the 15 illustrative topics in the current rule, although material subjects could still warrant disclosure. The proposal provides that the CD&A must avoid boilerplate and should address the information contained in the tables and otherwise disclosed under Item 402 while avoiding repetition of detailed information. The CD&A should continue to cover material actions regarding executive compensation that were taken after the company's last completed fiscal year-end that could affect a fair understanding of an NEO's compensation for the last completed fiscal year.

## More Prescriptive Disclosure for Non-GAAP Compensation Measures

Unlike the streamlined CD&A, Instruction 2 to Item 402 would impose more prescriptive non-GAAP disclosure. Although the proposal would retain the exemption from Regulation G and Item 10(e) of Regulation S-K, it would require companies to provide a quantitative reconciliation to the most directly comparable GAAP measure for any disclosed non-GAAP performance target or company-selected financial performance measure based on historical financial results. Projected non-GAAP measures would still require a narrative explanation of how they are calculated from audited financial statements. Companies would also be required to explain why they believe that the non-GAAP measure is more appropriate than a GAAP measure for determining compensation or for showing the relationship between compensation and company performance, as applicable. These requirements would apply throughout Item 402, rather than only to the CD&A. The SEC notes that a quantitative reconciliation could be included in the relevant filing or incorporated by reference from another filing.

Companies could still omit confidential performance targets if disclosure would cause competitive harm, applying the confidentiality standards under Securities Act Rule 406 and Exchange Act Rule 24b-2, which incorporate FOIA Exemption 4. Companies relying on this exception would not need to request confidential treatment but would be required to discuss how difficult the omitted target would be for the executive to achieve or how likely it would be for the company to achieve it.

## Pay-Versus-Performance Disclosure Would Be Simplified

With respect to the mandated Pay for Performance reporting, proposed Item 402(f) would replace the specialized "Compensation Actually Paid" calculation with "Total Compensation Earned" from the new Earned Compensation Table, eliminating annual equity revaluations and related reconciliations. Companies would describe the relationship between that amount for each PEO and PFO and cumulative total shareholder return ("TSR") over three fiscal years, rather than over five years. The

prescribed table and detailed footnotes would be eliminated, as would any averaging for non-PEO NEOs.

Company TSR would be the only required performance measure. Disclosure relative to net income, peer group TSR, a company-selected measure and the list of three to seven financial performance measures would no longer be required. Companies could voluntarily disclose additional company-selected financial performance measures, generally using the same measures across the three years or explaining any differences, subject to the applicable non-GAAP disclosure requirements discussed above.

Because equity compensation is recognized upon vesting or exercise in "Total Compensation Earned," reported pay could rise or fall significantly without corresponding to company performance in the reporting year. The Status of Equity Awards Table and supplemental disclosure could help explain the timing.

## Pay Ratio Disclosure Would Be Streamlined

Proposed Item 402(h) would identify the median employee using only U.S. full-time employees, including U.S. territories, and excluding part-time, temporary, seasonal and non-U.S. employees. The median employee would be identified at least every five years instead of three, although the ratio would remain an annual disclosure. Both PEO and median-employee compensation would use the Granted Compensation Table methodology rather than the Summary Compensation Table.

The proposal would also replace most of the existing detailed instructions with a more principles-based approach. Companies could continue to use reasonable methods, adjustments and estimates, including statistical sampling and annualization for full-time employees who worked less than the full year, but would no longer be required to disclose details concerning the identification date or the methodologies, estimates and adjustments used to determine the median employee.

The proposal would eliminate the existing transition periods for companies that become subject to Exchange Act reporting or cease to qualify as SRCs or EGCs, requiring pay ratio disclosure alongside their other Item 402 disclosures without an additional transition period. It would also remove the express accommodation allowing companies to exclude employees acquired in a business combination for the year of acquisition, although the SEC indicates that the exclusion could remain permissible as a reasonable adjustment under the proposal.

## Compensation Risk and Equity Grant Timing Disclosures Eliminated

The proposal would eliminate the compensation-related risk disclosure required by current Item 402(s), as well as Item 402(x)'s narrative disclosure concerning option-grant timing and tabular disclosure of certain option awards granted near the release of material nonpublic information. Similar information, if material, could still require disclosure elsewhere. The SEC points to risk factors and MD&A for disclosure of material compensation-related risks. It also notes that disclosure of material facts concerning "spring-loading" or "bullet-dodging" could be necessary to understand option awards reported as granted at-the-money.

## Director Compensation Table Eliminated; Individual Disclosure Retained

Proposed Item 402(k) would eliminate the prescribed Director Compensation Table but retain quantitative disclosure for each director with more flexibility in presentation. Principal changes would include the following items:

- **Compensation program and amounts**. Companies would describe the material aspects of their director compensation programs, separately quantifying cash and equity retainers for board, committee, chairmanship and other services. For each director, companies would disclose cash fees earned, equity compensation realized and any other material compensation earned during the last completed fiscal year. Stock and option awards would be reported based on value realized upon vesting, exercise or transfer for value, rather than at grant-date fair value.

- **Outstanding equity awards**. Companies would continue to disclose the aggregate number of outstanding stock and option awards and certain terms, including grant dates, vesting schedules and material performance, market or service conditions.

- **Simplified disclosure**. Separate reporting of pension-value changes, nonqualified deferred compensation earnings and total director compensation would be eliminated, although material compensation would remain reportable. Companies could present the information in narrative or tabular form, or a combination of both.

## Golden Parachute Compensation Disclosure Would Be Simplified

Proposed Item 402(j), which would replace current Item 402(t), would apply a materiality standard to both the quantitative and qualitative golden parachute disclosure

required in merger proxies and other transaction-related materials. It would limit golden parachute disclosure to the PEO and PFO of the acquiring and target companies and reduce the table to five columns: Name, Cash, Equity, Miscellaneous and Total. Cash severance and amounts from accelerated vesting or cancellation of equity awards would remain separately quantified. Other material transaction-related compensation, including pension and deferred compensation enhancements, perquisites, other benefits and tax reimbursements, would be consolidated into the "Miscellaneous" column.

The proposal would eliminate mandatory footnotes, prescribed narrative disclosure factors and the requirement for additional tables addressing new or revised arrangements. Companies would still need to disclose material information necessary to understand the quantified payments and, where applicable, separately disclose arrangements previously subject to a shareholder advisory vote and new or revised arrangements subject to a separate vote. This proposal would not change the underlying golden parachute shareholder advisory vote requirements.

## Clawback Disclosure Streamlined; Recovery Obligations Unchanged

Proposed Item 402(g) would streamline clawback disclosure by eliminating the two error-correction and recovery-analysis checkboxes on Forms 10-K, 20-F and 40-F and the requirement to explain why a restatement did not require compensation recovery.

Disclosure would continue to be required if a restatement triggers recovery of erroneously awarded compensation or if prior recoverable amounts remain outstanding at fiscal year-end. For each such restatement, companies would disclose the date on which it was required; the aggregate amount of erroneously awarded compensation attributable to the restatement and how it was calculated; the aggregate amount outstanding at year end; and amounts forgone because recovery was impracticable, including the reasons, but without an individual breakdown of amounts. These aggregate amounts would cover current and former executive officers subject to the clawback policy, not just PEOs and PFOs. Individual disclosure would remain required for amounts owed by current or former PEOs or PFOs that, as of fiscal year-end, had been outstanding for at least 180 days after the amount was determined. Amounts recovered from PEOs and PFOs would continue to be identified, quantified and deducted from the proposed compensation tables.

The underlying clawback obligations under Exchange Act Rule 10D-1 would remain unchanged. The narrower NEO definition would not affect which executive officers are subject to the clawback requirements.

## Scaled Disclosure and the Separate Filer Status Proposal

Proposed Item 402(a)(6) would largely preserve scaled disclosures for SRCs and EGCs. Both would remain exempt from the CD&A and pay ratio disclosure and could provide two years of Earned and Granted Compensation Tables. EGCs would remain exempt from pay-versus-performance and golden parachute disclosure, while SRCs that are not EGCs would remain subject to those requirements.

SRCs and EGCs would provide all three new compensation tables, rather than the two currently required under the scaled rules, and would report compensation for the PEO and PFO. Both would also remain subject to the proposed disclosure requirements concerning director compensation, potential payments upon termination or a change in control and, where applicable, clawbacks.

Separately, the SEC's May 2026 filer status proposal would consolidate reporting companies into large accelerated filers ("LAFs") and non-accelerated filers ("NAFs"), eliminate SRC filer status and extend existing SRC and EGC accommodations to all NAFs. The SEC estimates that approximately 81% of current public companies would qualify as NAFs, including newly public companies for at least five years regardless of public float. If adopted as proposed, the separate proposal would also exempt NAFs from pay-versus-performance and golden parachute disclosure, as well as say-on-pay, say-on-frequency and say-on-golden-parachute votes. For more information, see our Debevoise In Depth on the executive compensation impacts of the SEC's filer status proposal.

## Relief for End-of-Year Compensation Disclosure in Long-Form Registration Statements

The proposal would allow companies pursuing IPOs and other transactions using long-form registration statements to proceed early in a fiscal year before finalizing the prior year's executive compensation disclosure.

Companies could omit Item 402 disclosure for the most recently completed fiscal year until the earlier of its disclosure in an Exchange Act filing or 120 days after year end. The accommodation would apply to Forms S-1, S-11, 10 and N-2, and certain Form S-4 disclosures. Item 402 disclosure would still be required for the prescribed number of preceding fiscal years (though newly reporting companies would only be required to provide a preceding year if previously required in an SEC filing). If a registration statement omits the most recent year's disclosure but would become effective after the deadline, the company would need to file a pre-effective amendment adding that disclosure.

## Other Reporting and Compliance Implications

The proposal would have consequences beyond the annual proxy statement:

- **Form 8-K**. The narrowed NEO definition would reduce the number of executives whose compensation arrangements trigger Item 5.02(e) and whose departures trigger Item 5.02(b) solely because of NEO status. Departure reporting would continue to apply to officers expressly identified in Item 5.02(b), including the president, principal accounting officer and principal operating officer. The proposal would also eliminate Item 5.02(f) of Form 8-K and the related Item 402 instructions permitting later reporting of salary or bonus amounts not calculable at the time of filing.

- **Beneficial ownership**. Individual beneficial ownership disclosure under Item 403 would also cover fewer executives, although disclosure for directors and for directors and executive officers as a group would remain required.

- **Filing compensation contracts**. Under proposed Item 601(b)(10)(iii)(A), compensation arrangements involving directors and NEOs would continue to be deemed material and required to be filed as exhibits. Other executive-officer arrangements would still be filed unless immaterial in amount or significance.

- **Related-person transactions**. Narrowing the NEO definition could increase related-person transaction disclosure under Item 404(a). Compensation no longer reported under Item 402 would not qualify for the exception based on such reporting. However, a separate exception would remain available for compensation that would have been reportable if the executive officer were an NEO, subject to the rule's other conditions, including applicable approval requirements.

- **Section 162(m)**. The proposed NEO definition would not narrow the scope of the deduction limitation under Section 162(m). The release notes that Treasury staff informally advised SEC staff that the limitation would continue to apply to compensation paid to the three most highly compensated executive officers other than the PEO and PFO, regardless of whether their compensation is required to be reported under Item 402. Companies may therefore still need to calculate compensation for executives excluded from the new disclosure requirements.

- **Inline XBRL**. LAFs would be required to tag the three primary compensation tables in Inline XBRL, while tagging would be optional for other filers. Footnotes and related narrative disclosure would not be subject to the new tagging requirement. Existing tagging requirements for pay-versus-performance and clawback disclosures would be eliminated.

## What Happens Next?

**Comment deadline and effective date**. Comments on the proposal are due 60 days after publication of the proposing release in the Federal Register. If adopted, the amendments would become effective on the next January 1 following publication of the adopting release. For example, if the adopting release is published during 2027, the amendments would become effective January 1, 2028.

**Mandatory and voluntary compliance**. Companies would be required to apply the amendments for their first full fiscal year ending on or after the effective date, but could elect to comply any time after the effective date, so long as they comply with the amended item in full. For example, if the amendments become effective January 1, 2028, calendar-year companies could voluntarily use the new rules in their 2028 proxy statements covering fiscal 2027 compensation but would be required to use them in their 2029 proxy statements covering fiscal 2028 compensation. For non-calendar-year companies, mandatory compliance could begin with proxy statements filed in 2028, depending on fiscal year-end.

**Registration statements**. The amendments would apply to registration statements and prospectuses if, on the initial filing date, the filing is required to include financial statements for a fiscal year ending on or after the effective date.

**Issues for comment**. The SEC is seeking comment on, among other things, target-based equity valuations, the tracking burdens of the Status of Equity Awards Table, the scope of non-GAAP reconciliation requirements, perquisite valuation methodology and potential transition relief. In particular, the SEC asks whether historical disclosure in the Earned and Granted Compensation Tables should be phased in, although no phase-in is currently proposed. The proposal may be modified before adoption, including in response to anticipated institutional investor concerns about the narrower NEO definition.

Until any final amendments become effective, companies should continue to prepare disclosure under the current rules.

* * *

Please do not hesitate to contact us with any questions.



**Simone S. Hicks**
Partner, Washington, D.C.
+1 202 383 8210
sshicks@debevoise.com



**Eric T. Juergens**
Partner, New York
+1 212 909 6301
etjuergens@debevoise.com



**Matthew E. Kaplan**
Partner, New York
+1 212 909 7334
mekaplan@debevoise.com



**Abigail Reeves Lane**
Partner, New York
+1 212 909 6915
arlane@debevoise.com



**Jonathan F. Lewis**
Partner, New York
+1 212 909 6916
jflewis@debevoise.com



**Frank Mitchell**
Partner, New York
+1 212 909 6104
flmitchell@debevoise.com



**Benjamin R. Pedersen**
Partner, New York
+1 212 909 6121
brpedersen@debevoise.com



**Paul M. Rodel**
Partner, New York
+1 212 909 6478
pmrodel@debevoise.com



**Steven J. Slutzky**
Partner, New York
+1 212 909 6036
sjslutzky@debevoise.com



**J. Michael Snypes, Jr.**
Partner, New York
+1 212 909 6319
jmsnypes@debevoise.com



**Wendy D. Widman**
Partner, New York
+1 212 909 6731
wdwidman@debevoise.com



**Alison E. Buckley-Serfass**
Counsel, Washington, D.C.
+1 202 383 8084
aebuckleyserfass@debevoise.com



**Lawrence K. Cagney**
Of Counsel, New York
+1 212 909 6909
lkcagney@debevoise.com



**Sandy M. De Sousa**
Associate, New York
+1 212 909 6982
sdesousa@debevoise.com



**Amy Pereira**
Associate, New York
+1 212 909 6413
apereira@debevoise.com

*This publication is for general information purposes only. It is not intended to provide, nor is it to be used as, a substitute for legal advice. In some jurisdictions it may be considered attorney advertising.*