Passage of Dodd-Frank Bill

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On July 15, 2010, the United States Senate passed the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 by a vote of 60-39. Dodd-Frank contains significant measures which impact publicly-traded companies overall, and particularly those whose shares are listed on national securities exchanges. Dodd-Frank does not contain all of the provisions of the earlier proposed legislation and allows the Securities and Exchange Commission to issue exemptions from certain requirements. Many new requirements affect the areas of corporate governance and executive compensation, with companies facing additional proxy disclosure obligations and restrictions on shareholder voting. These provisions remain unchanged from the terms of the conference report which were discussed in more detail in our Client Alert — “Public Company Impact of Dodd-Frank Bill” dated June 30, 2010.

Although Dodd-Frank has now been passed by both the House and Senate and will soon be signed into law, the details regarding the actual implementation of Dodd-Frank’s provisions and its true scope will not be known until subsequent rulemaking by the SEC and national securities exchanges. Once Dodd-Frank is signed into law, the rulemaking process will require additional time to complete, with certain provisions containing specified deadlines within which rules must be enacted. Several of the provisions, including those addressing the required “say on pay” votes, would go into effect six months after enactment of Dodd-Frank, impacting proxy statements and annual shareholder meetings occurring in 2011.

Amid significant protest and debate, new financial reform will soon become law. The impact on the executive compensation and corporate governance practices of publicly-traded companies will be significant.