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The SEC's Executive Compensation Disclosure Overhaul:

What Changes, What Matters, and What's Next

(Proposed November 13, 2026)

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MCLE Information

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Meet Your Panelists

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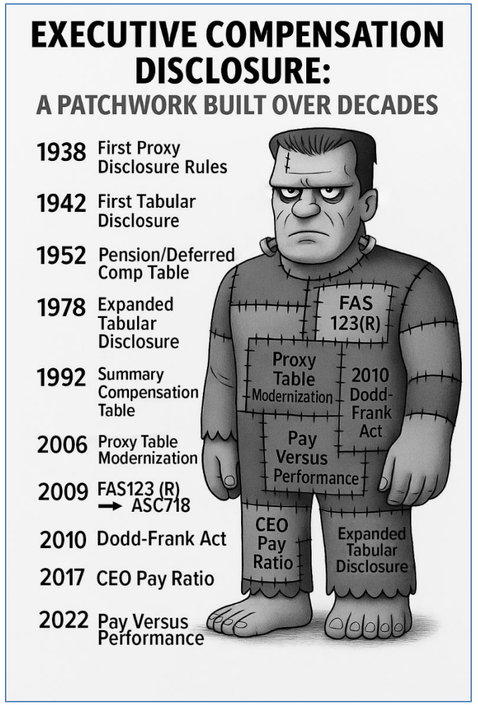
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"…One might describe the Commission's current disclosure requirements as a Frankenstein patchwork of rules."

– Paul S. Atkins, SEC Chairman, Executive Compensation Round Table comments, June 26, 2025

Today's Agenda



01 THE PROPOSAL AT A GLANCE

02 WHO'S COVERED: TWO NEOS

03 THREE NEW COMPENSATION TABLES

04 PAY VERSUS PERFORMANCE & PAY RATIO

05 CD&A, PERQUISITES & POINTS THAT MAY BE OVERLOOKED

06 WHAT IT MEANS & WHAT'S NEXT

07 TERRY ADAMSON DREAM DISCLOSURES

SECTION 01

The Proposal at a Glance

01

Release No. 33-11455, proposed November 13, 2026

The Big Picture

The largest rewrite of executive pay disclosure since 2006

01 **Fewer people**

Disclosure limited to the CEO and CFO - down from 5-7 NEOs at most large companies

02 **New tables**

Granted, Earned, and Status of Equity Awards tables replace the SCT and three companion tables

03 **Realized pay takes center stage**

“Total Compensation Earned” replaces Compensation Actually Paid in pay versus performance

04 **Principles over prescription**

CD&A, director pay, perquisites, and severance disclosure become more principles-based

05 **Fewer requirements, more judgment**

Pension, NQDC, potential-payment quantification, risk, and option-timing disclosures eliminated

Timeline: Current Rules Still Govern 2027

Nov 13, 2026

SEC proposes

Release No. 33-11455; requests for comment

January 19, 2027

Comments due

60 days after Federal Register publication

2027 proxy season

Current rules apply

Report FY2026 pay under existing Item 402, including current perk guidance

Jan 1 after adoption

Rules take effect

e.g., Jan 1, 2028 if adopted in 2027; voluntary early compliance item-by-item (in its entirety)

2029 proxy

First mandatory filing

Calendar-year companies report FY2028 pay; prior years recast

Plan for recasting: The Earned and Granted Compensation Tables show three fiscal years (two for SRCs/EGCs), so prior years must be recalculated under the new methodology in the first year of compliance. The SEC has asked whether certain tables should be phased in.

SECTION 02

Who's Covered

From five or more named executive officers to two

02

WHO'S COVERED

Two NEOs: CEO and CFO

Most companies report five or more NEOs today. The proposal limits NEOs to the principal executive officer and principal financial officer.

The three other most highly compensated executive officers drop out of required disclosure.

WHO COUNTS

Anyone who served as PEO or PFO during the year — including interim officers, co-CEOs, and mid-year successors

VOLUNTARY ADDITIONS

Companies may include other executives, but must then complete all three new tables for them; they do not become NEOs for other purposes (Form 8-K, Item 601 exhibits, etc.)

RIPPLE EFFECTS

The narrower group flows through to Form 8-K Item 5.02; Item 403(b) beneficial ownership; Item 601 exhibits; Item 404(a) RPT exception; and the say-on-pay and golden parachute votes

WHAT DOESN'T CHANGE

Section 162(m) still covers the three highest-paid officers beyond the CEO and CFO and, beginning in 2027, the next five highest-compensated — how to rank them without a SCT is unclear

SECTION 03

Three New Compensation Tables

03

Granted, Earned, and Status of Equity Awards

Four Tables Become Three

CURRENT ITEM 402

- Summary Compensation Table
- Grants of Plan-Based Awards
- Outstanding Equity Awards at FYE
- Option Exercises and Stock Vested

PROPOSED

- **Granted Compensation Table** *Pay opportunity, at target*
- **Earned Compensation Table** *Realized pay*
- **Status of Equity Awards Table** *Tracked in shares*

Eliminated outright: Pension Benefits Table • Nonqualified Deferred Compensation Table • Prescribed Pay versus Performance Table • Quantified potential termination/CIC payments.
The Director Compensation Table becomes optional.

The Three New Tables

Granted
Compensation Table

SHOWS

Pay opportunity awarded each year: annualized salary as of the last day of the FY, target non-equity awards (incl. ad hoc bonuses), and equity awards

EQUITY VALUE

ASC 718 grant date fair value at target — 100% of target for multi-outcome awards (not probable outcome)

USED FOR

“Total Compensation Granted” — the basis for the CEO pay ratio

Earned
Compensation Table

SHOWS

Realized pay: salary, non-equity awards earned (bonus + NEIP combined), equity, and miscellaneous compensation

EQUITY VALUE

Stock: shares × closing price on vesting date. Options: spread on exercise date

USED FOR

“Total Compensation Earned” — replaces CAP in pay versus performance

Status of Equity
Awards Table

SHOWS

Each equity award, from grant until earned, exercised, or expired, as of fiscal year-end

EQUITY VALUE

Share counts only — no dollar value for unvested or unexercised awards

ALSO

Vesting schedules and material performance, market, and service conditions

Following One PSU Through the New Tables

Illustrative: 3-year PSU granted Feb 2028 — 10,000 target shares, $1.0M grant date fair value at target; vests Feb 2031 at 150% with stock at $120

	FY2028	FY2029	FY2030	FY2031	FY2032
Granted Compensation Table	**$1.0M at target*** ***Under the Prior Year Equity Grant Approach, could be reported in FY2027**	—	—	—	
Status of Equity Awards Table	10,000 shares unvested	10,000 shares unvested	10,000 shares unvested	15,000 shares vested	Drops off
Earned Compensation Table	—	—	—	**15,000 × $120 = $1.8M**	

Today: The SCT reports this award once, at grant date fair value based on probable outcome; PvP remeasures it every year.

Watch: Realized pay lands in the vesting year. The SEC acknowledges this can “create spikes in pay during vesting years.” This also impacts pay versus performance perception for performance awards, since it pairs the earned value with a different 3-year TSR window that the one the awards were earned over.

THREE NEW TABLES

Timing & Valuation Mechanics

Small mechanical choices will drive which year — and at what value — pay shows up.

GRANT-YEAR REPORTING

Equity is generally reported in the fiscal year it is granted

PRIOR YEAR EQUITY GRANT APPROACH

Optional: report an equity award in the prior year if it (i) rewards prior-year performance, (ii) is granted in Q1, (iii) is applied consistently (first-year election becomes sticky), and (iv) is disclosed. Status table then shown as of Q1-end

TARGET VS. FINANCIAL STATEMENTS

If target-based granted values differ materially from financial statement amounts, supplemental disclosure is required (proposed Item 402(a)(5)) (e.g., market-condition awards (Monte Carlo value ≠ target) or awards modified mid-cycle)

OTHER MECHANICS

Dividend equivalents paid on outstanding awards go in Miscellaneous Compensation Received; large accelerated filers tag all three tables in Inline XBRL

SECTION 04

Pay Versus Performance & Pay Ratio

04

Simplified and re-based on the new tables

Pay Versus Performance, Simplified

	Today	Proposed
Pay measure	Compensation Actually Paid (year-end fair value remeasurement of unvested awards)	**Total Compensation Earned (realized pay)**
Executives	PEO and average of other NEOs	**PEO and PFO**
Period	5 years	**3 years**
Performance measures	Company TSR, peer group TSR, net income, Company-Selected Measure	**Cumulative TSR only; Companies may elect to add company-selected financial measures**
Format	Prescribed table, tabular list, and relationship disclosure	**Describe the relationship; prescribed table not required**

Also: The SEC is seeking comment on a more principles-based alternative with no prescribed pay or performance measure. EGCs remain exempt; Inline XBRL tagging of PvP is removed.

What a New PvP Table Could Look Like

Fiscal year	PEO Total Compensation Earned	PFO Total Compensation Earned	Cumulative TSR ($100 invested)
2026	$9.8M	$3.1M	$112
2027	$11.2M	$3.5M	$131
2028	$8.4M	$2.8M	$118

PEO realized pay rose 14% in 2027 as TSR climbed to $131, then fell 25% in 2028 as TSR slipped to $118 and the 2026–2028 PSUs paid out below target.

Hypothetical company and figures. Under the proposal the table itself would be optional.

PAY RATIO

A Narrower CEO Pay Ratio

SRCs and EGCs remain exempt from pay ratio disclosure. If the filer-status proposal is adopted, non-accelerated filers would also be exempt.

EMPLOYEE POPULATION

Full-time U.S. (and territorial) employees only — part-time, seasonal, temporary, and non-U.S. workers excluded. Data privacy and 5% de minimis exemptions removed

COMPENSATION MEASURE

Total Compensation Granted for both the CEO and the median employee, instead of SCT total compensation

MEDIAN EMPLOYEE

Re-identified every five years instead of three, with no required interim assessment of workforce changes

LIKELY EFFECT

Ratios may fall for multinationals and companies with large part-time workforces; may rise where the median employee receives significant retirement benefits or other compensation not captured in Total Compensation Granted

SECTION 05

CD&A, Perquisites & Other Changes

Principles over prescription

05

C D & A

Seven Topics Become Three

The 15 example topics are deleted, and companies would no longer be required to name their compensation peer group.

REQUIRED TOPIC 1

Objectives of the compensation program in relation to corporate strategy

REQUIRED TOPIC 2

Material elements of compensation and how amounts are determined

REQUIRED TOPIC 3

If applicable, whether and how the most recent say-on-pay vote affected compensation policies and decisions

NON-GAAP TARGETS

Historical measures need a quantitative GAAP reconciliation; projection-based measures need a narrative tie to audited financials — plus why the measure is more appropriate for setting pay. Competitive-harm omission of targets continues

Perquisites: A Higher Bar and More Judgment

DISCLOSURE THRESHOLD

$10K

↓

$150K

Aggregate, per executive. De minimis fringe benefits (IRC §132(a)(4)) excluded and need not be tracked.

	Today	Proposed
"Integrally and directly related"	Narrow SEC interpretation	**Reasonable, good-faith company determination**
Security	2006 guidance treats residential and personal-travel security as a perk	**Guidance rescinded; security (incl. required personal aircraft use) may not be a perk**
Itemization	Identify and quantify perks above thresholds	**No line-item identification or individual quantification**
Valuation	Aggregate incremental cost	**Tax values permitted; method need not be disclosed**

Severance, Directors & Clawbacks

Termination & Change in Control

- Quantified hypothetical payouts eliminated
- Describe material terms of CEO and CFO arrangements only
- No repeat needed if already in Form 8-K Item 5.02
- Change in responsibilities cited as an example of constructive termination

Golden Parachute Table

- Condensed from eight columns to four: Cash, Equity, Miscellaneous, Total
- CEO and CFO only; prescribed footnotes removed
- Advisory vote applies to the narrower group

Director Compensation

- Director Compensation Table becomes optional
- Still required, director by director: cash earned, value realized on vesting/exercise (in lieu of grant date fair value), other material pay, awards outstanding
- Material program features, incl. quantified retainers

Clawbacks

- No disclosure of non-triggering restatements or unrecovered amounts
- Error-correction check boxes removed from 10-K, 20-F, and 40-F covers
- Rule 10D-1 policy requirements unchanged

Everything Else

Eliminated Disclosures

- Compensation risk discussion (Item 402(s))
- Option grant timing near release of MNPI (Item 402(x))
- Pension Benefits and NQDC tables

SRCs & EGCs

- Keep scaled relief: no CD&A or pay ratio; EGCs also exempt from PvP and golden parachute votes
- Benefit from two-NEO limit
- Subject to all three new tables, with two years of data
- Keep an eye on the filer-status proposal: non-accelerated filers would get the same relief

Form 8-K & Registration Statements

- Item 5.02(f) delayed salary/bonus disclosure eliminated
- Forms S-1, S-4, S-11, 10, and N-2 get a 120-day window for prior-year pay, matching Form S-3; removes the early-year timing squeeze on IPOs and certain other transactions
- A registration statement going effective after the 120-day deadline needs a pre-effective amendment adding the disclosure

Inline XBRL

- Large accelerated filers tag the three new tables
- Optional for other filers
- PvP and clawback tagging requirements removed

SECTION 06

What It Means & What's Next

Open questions, practical takeaways, and timing

06

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Issues to Watch

Where we expect the most debate in comment letters

01 **Options valued at exercise (Question 12)**

Captures post-vest appreciation the executive controls; the SEC asks about valuing at vesting

02 **No full reconciliation (Questions 31 and 64)**

The Status table is a year-end snapshot, not a roll-forward of activity during the year

03 **Peer data (Question 67)**

Peer TSR drops out of PvP, but compensation peers will likely still be disclosed

04 **Keep PvP as a table (Questions 39 and 62)**

Retaining the PvP table and Inline XBRL tagging keeps the data machine-readable

05 **Private ordering**

Is this the floor? Should supplemental material be expected?

06 **162(m) pay measurement**

With no SCT, there is no stated method for covered employee pay

How Disclosure Could Influence Plan Design

Design should follow strategy, not disclosure, but boards and committees should understand the disclosure implications under the new rules.

	What the disclosure changes	Potential design response	Investor / proxy advisor view
Stock options	Options count as earned pay only at exercise, on a date the executive chooses	**Shift the LTI mix toward options; reported pay stays low until exercise**	Still shown at grant value in the Granted table; option-heavy mixes may draw proxy advisor pushback
Retirement-eligible vesting	Equity counts as earned pay in the year it vests or is exercised	**Vest or exercise at or after retirement eligibility, outside peak NEO years**	Vesting timed to after PEO/PFO service can look designed to avoid disclosure
Performance share ranges	Granted table shows multi-outcome awards at 100% of target, whatever the range	**Widen payout ranges (e.g., 0–300%) without raising reported grant value**	Proxy advisors and many investors view maximums above 200% of target unfavorably
Vesting schedules	Large cliff vestings create spikes in reported earned pay	**Ratable vesting or overlapping PSU cycles to smooth reported pay**	Generally neutral, provided total pay stays clearly linked to performance
Performance measures	Cumulative TSR over three years is the only required PvP measure	**Align LTI periods to three years; consider a relative TSR modifier**	Relative TSR is accepted, but investors still expect strategic operating metrics
Grant timing	Q1 grants that reward prior-year performance can be reported in the prior year	**Move annual grants into Q1 so pay lines up with the year it rewards**	Acceptable if applied consistently; switching years invites optics questions; interacts with three-year TSR window

What Companies Should Do Now

NOW

2027 proxy season

- Prepare under current Item 402 — including current perquisite guidance
- Keep SCT, PvP, and pay ratio processes intact
- Watch investor and proxy advisor reactions
- Brief the comp committee on the proposal, early-adoption choice and comment letter positions

BY JANUARY 19, 2027

Comment period

- Weigh in on NEO count, table design, transition relief, and perquisites
- Use the 140+ numbered questions to target comments
- Note that this falls in the middle of proxy drafting and year-end compensation committee meetings; consider deciding by mid-Dec whether to comment directly or through a trade group

2027–2028

Readiness

- Model current vs. proposed tables for your CEO and CFO
- Revisit how LTI design reads in Earned pay (vesting year spikes, options at exercise)
- Plan voluntary disclosure investors still expect; keep tracking 162(m) covered employees (+5 add'l for 2027)
- Update disclosure controls for 8-K 5.02 and Item 601 exhibit triggers

SECTION 07

Terry Adamson Dream Disclosures

07

What we would want to see disclosed, beyond the floor the proposal sets

Granted Compensation Table: Illustrative

Executive	Year	Salary	Target annual incentive[1]	Stock awards (target)[2]	Option awards[3]	Total Compensation Granted
CEO	2028	$1.2M	$1.8M	$8.0M	$1.0M	**$12.0M**
CEO	2027	$1.2M	$1.7M	$7.4M	$1.0M	**$11.3M**
CFO	2028	$0.7M	$0.7M	$2.5M	—	**$3.9M**
CFO	2027	$0.7M	$0.7M	$2.3M	—	**$3.7M**

[1] Target annual incentive: payout can range from 0% to 200% of target based on performance against the plan's financial and strategic goals. See CD&A, "Annual Incentive Plan," for metrics, weightings and goals.

[2] Stock awards: grant-date fair value under FASB ASC Topic 718 equal to $8.0M, with performance shares at 100% of target (Monte Carlo valuation for TSR-based awards). Valuation assumptions are in Note 12 to the Form 10-K financial statements; vesting and performance terms are in CD&A, "Long-Term Incentives."

[3] Option awards: grant-date fair value under FASB ASC Topic 718 using Black-Scholes (expected term 6.0 years, volatility 30%, risk-free rate 4.0%, dividend yield 1.5%) equal to $420K, recognized as expense over the vesting period; exercise price, vesting and term are described in the Omnibus Incentive Plan and CD&A, "Long-Term Incentives."

Hypothetical company and figures, for discussion only. Performance awards shown at 100% of target.

Status of Equity Awards Table: Illustrative

Name / Position	Grant date	Award type	Strike price	Threshold / target / max	Vest end / perf. end	Amount Vested (#)	Amount of Options Exercised / Expired (#)	Outstanding at FYE 2027 (Supplemental)		Granted in FY 2028 (Supplemental)		Vested, exercised or forfeited in FY 2028 (Supplemental)			Outstanding at FYE 2028 (Supplemental)		Annual change in value (Supplemental)
								Number	Fair value	Number	Fair value	Number	Fair value	Forfeited / Expired	Number	Fair value	
Dorothy Gale, CEO	02/15/26	PSUs[1]	—	21K/42K/84K	12/31/27			42,000	$3.8M	—	—	33,600	$3.3M	8,400	0	—	**–$0.5M**
	02/15/26	RSUs	—	32,000	02/15/29	8,000		16,000	$1.4M	—	—	8,000	$0.8M	—	8,000	$0.9M	**+$0.3M**
	02/15/27	PSUs[2]	—	22K/44K/88K	12/31/29			44,000	$4.0M	—	—	—	—	—	44,000	$4.9M	**+$0.9M**
	02/15/27	RSUs	—	28,000	02/15/30	7,000		21,000	$1.9M	—	—	7,000	$0.7M	—	14,000	$1.6M	**+$0.4M**
	02/15/28	PSUs[3]	—	25K/50K/100K	12/31/30			—	—	50,000	$4.9M	—	—	—	50,000	$5.6M	**+$5.6M**
	02/15/28	RSUs	—	31,500	02/15/31			—	—	31,500	$3.1M	—	—	—	31,500	$3.5M	**+$3.5M**
	02/15/28	NQSOs	$98.00	40,000	02/15/31			—	—	40,000	$1.0M	—	—	—	40,000	$1.5M	**+$1.5M**
	Total							**123,000**	**$11.1M**	**121,500**	**$9.0M**	**48,600**	**$4.8M**	**8,400**	**187,500**	**$18.0M**	**+$11.7M**

[1] 02/15/26 PSUs: 2026–2027 performance period. The Compensation Committee certified results at 80% of target; 33,600 shares were earned and vested on 02/15/28 ($3.3M at vest) and 8,400 shares were forfeited.
[2] 02/15/27 PSUs: 2027–2029 performance period; payout of 50% (threshold) to 200% (maximum) of target. See CD&A, “Long-Term Incentives—2027 PSU Awards,” for metrics, weightings and goals.
[3] 02/15/28 PSUs: 2028–2030 performance period; payout of 50% to 200% of target. See CD&A, “Long-Term Incentives—2028 PSU Awards,” and the Granted Compensation Table for grant-date terms.
Annual change in value = fair value at FYE 2028 + fair value at vest − fair value at FYE 2027; new grants start from zero. Prices: $90 and $112 at year-end; $98 at grant. Hypothetical company and figures.

Earned Compensation Table: Illustrative

Executive	Year	Salary	Annual incentive earned	Equity vested or exercised	Other	Total Compensation Earned	Change in equity value (Supplemental)	Realizable pay (Supplemental)
CEO	2028	$1.2M	$2.1M	$4.8M	$0.2M	**$8.3M**	**+$11.7M**	**$15.2M**
CEO	2027	$1.2M	$1.6M	$3.9M	$0.2M	**$6.9M**	**+$4.6M**	**$7.6M**
CFO	2028	$0.7M	$0.8M	$1.5M	$0.1M	**$3.1M**	**+$4.3M**	**$5.9M**
CFO	2027	$0.7M	$0.6M	$1.2M	$0.1M	**$2.6M**	**+$1.6M**	**$3.0M**

Hypothetical company and figures, for discussion only.
Realizable Pay = Total Compensation Earned + Change in Equity Value - Equity Vested or Exercised.

Pay Versus Performance Table: Illustrative

Fiscal year	CEO			CFO			Cumulative TSR ($100 invested)	
	Total Compensation Granted (Supplemental)	Total Compensation Earned (Supplemental)	Realizable Pay (Supplemental)	Total Compensation Granted (Supplemental)	Total Compensation Earned (Supplemental)	Realizable Pay (Supplemental)	Peers[1]	Company ABC
2028	$12.0M	$8.3M	$15.2M	$3.9M	$3.1M	$5.9M	$115	$124
2027	$11.3M	$6.9M	$7.6M	$3.7M	$2.6M	$3.0M	$101	$97
2026	$10.6M	$7.4M	$8.0M	$3.5M	$2.9M	$3.3M	$104	$108
2025 (Supplemental)	$9.8M	$6.2M	$6.8M	$3.2M	$2.4M	$2.7M	$98	$96
2024 (Supplemental)	$9.2M	$5.8M	$5.5M	$3.0M	$2.2M	$2.1M	$93	$88
Total (Supplemental)	**$52.9M**	**$34.6M**	**$43.1M**	**$17.3M**	**$13.2M**	**$17.0M**	**—**	**—**

[1] Peer group: S&P 500 Software Companies.

Realizable Pay = Total Compensation Earned + Change in Equity Value - Equity Vested or Exercised.
Hypothetical company and figures, for discussion only.

Resources

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Key changes and FAQ

The three new tables, Total Compensation Earned in place of CAP, and peer TSR removal

Read the overview

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Client alert

Section-by-section analysis of the proposal, including compliance timing and the 162(m) interaction

Read the client alert

INFINITE EQUITY

Comment letter scorecard

How our comment letter recommendations compared with the proposal. And more work to do!

Read the scorecard

SEC

Release No. 33-11455

The full proposing release; comments are due 60 days after Federal Register publication

Read the proposal

Questions & Discussion

Thank you for joining us.

Terry Adamson • Gina Hancock • Ekaterina (Kate) Napalkova