



FACT SHEET

# Listing Standards for Recovery of Erroneously Awarded Compensation

The Securities and Exchange Commission (SEC) is reopening the comment period for proposed rules to implement Section 954 of the Dodd-Frank Act, relating to listing standards for the recovery of erroneously awarded compensation. The proposal would, among other things, require national securities exchanges to establish listing standards that would require listed companies to adopt and comply with a compensation recovery policy, often known as a clawback policy.

## Background

In July 2015, the SEC proposed amendments and new rules to implement Section 954 of Dodd-Frank. The proposed rules would, among other things:

- Require national securities exchanges and associations to establish listing standards that would require listed companies to adopt and comply with a compensation recovery policy meeting the requirements of Section 10D of the Exchange Act;
- Delineate the incentive-based compensation that is subject to recovery; and
- Require each listed company to provide disclosure about its recovery of excess incentive-based compensation and file its compensation recovery policy.

The proposing release is available on the [SEC's website](#).

The Commission received numerous comment letters on the 2015 proposal. In light of the regulatory and market developments since 2015, the Commission is providing the public the opportunity to submit additional comments on the 2015 proposal, and to address the additional questions raised in the reopening release issued today.

## What's Next?

The Commission is seeking comment on all aspects of the 2015 proposal as well as on additional questions posed in the reopening release. These requests for comment include, among other things, whether "an accounting restatement due to the material noncompliance of the issuer with any financial reporting requirement under the securities laws" as used in the Dodd-Frank Act should be read more broadly than initially proposed and whether the proposed "reasonably should have concluded" standard for triggering a lookback should be revised. The comment period will be open for 30 days after the release is published in the Federal Register.