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FINALLY – THE SEC PROPOSES TO DRAMATICALLY STREAMLINE EXECUTIVE COMPENSATION RULES

Nov 18, 2026

WHAT HAPPENED

The long-awaited SEC proposal to streamline executive compensation disclosure has arrived. On November 11, 2026, the SEC proposed a "major Ozempic diet" for executive compensation rules that would:

- Reduce the named executive officers (NEOs) to just the principal executive officer (PEO) and principal financial officer (PFO)
- Consolidate and replace the six executive compensation tables with three new tables.
- Substantially increase the threshold for perquisite disclosure and revise key interpretive guidance.
- Simplify Compensation Discussion and Analysis (CD&A) requirements through use of a more principles-based approach.
- Simplify requirements for Dodd-Frank disclosures -- pay-versus-performance, clawbacks, and pay ratio disclosures, and reduce compliance burdens.
- Streamline director compensation disclosure requirements.

The public comment period will remain open for 60 days following the date of publication of the proposing release in the Federal Register.

TAKEAWAYS

The SEC's stated goals include:

- Reducing compliance burdens and providing more flexibility to companies including by using a primarily "principles-based approach."

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- Refocusing disclosures on material information and improving ability to track equity awards.
- Providing accommodations for smaller reporting and emerging growth companies.

With the timing and final content of the new rules uncertain, public companies should focus on existing rules when preparing 2027 proxy statements. However, companies may consider identifying ways in which they may want to take advantage of potential changes in future filings, including any adjustments that may be needed to their disclosure controls and procedures.

Additionally, under a principles-based regime, companies should carefully evaluate which topics proxy advisors, institutional shareholders, activists or other constituencies may deem material or otherwise object to changes or reductions in disclosure.

Although compensation disclosure of non-PEO or PFO executive officers may no longer be required on an annual basis, their compensation arrangements should continue to be monitored in light of, among other things:

- Section 16 reporting
- 8-K reporting of appointments (Item 5.02(c))
- Item 404 related person disclosure requirements
- Compensation committee oversight obligations

KEY DETAILS

Fewer Covered Officers

NEOs would be limited to individuals who served as the PEO or PFO during the last completed fiscal year. This would reduce the number of NEOs from typically five or more to only two absent a change in these positions during the fiscal year.

The SEC believes that compensation disclosure for the PEO and PFO will be relevant given the central roles that these officers play in managing the company, but that the costs and effort of additional disclosure isn't justified for other executive officers based solely on their compensation level, regardless of position. It cited comment letters claiming that limiting NEOs to those two officers could "reduce the number of hours worked on preparing executive compensation disclosures by up to 50-60 percent."

The SEC noted collateral effects of the proposed change:

- Elimination of obligations to (1) file 8-Ks reporting the departure of, or material contracts, plans, or arrangements with, such other executive officers, or (2) disclose individualized stock

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ownership information.

- Potential reduction of instances where a company could rely on an exception from S-K Item 404 related person disclosure.

Fewer Compensation Tables

The proposed rule would consolidate the executive compensation table requirements into three new tables that would replace the Summary Compensation Table and other tables required by the current rule.

Earned Compensation Table. This table would show compensation earned in the covered fiscal years to reflect a "comprehensive picture of all material compensation" — including salary, non-equity awards (including cash bonuses), equity awards, retirement contributions, and perquisites and other miscellaneous compensation.

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]							
[PEO]							

Stock awards would be deemed earned and disclosable once they have vested and option awards once they have been exercised. The goal is to show compensation outcomes, including the value ultimately earned on prior equity awards.

The Miscellaneous Compensation Received column would cover specified categories, as well as a catch-all for other material items. Unlike the current All Other column, it would not:

- Need to include "all compensation regardless of amount".
- Require detailed footnote disclosure of included items.

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- Reflect the overall change in the aggregate pension value as of the end of the covered fiscal year, instead only tracking the incremental pension benefit amount earned that year and not fluctuations in the overall value of the pension.
- Show pension value as a separate column.
- Show nonqualified deferred compensation earnings as a separate column (instead, included in the Miscellaneous column).

Granted Compensation Table. This table would show the primary elements of compensation granted to NEOs — salary, non-equity awards (including cash bonuses), and equity awards — typically at their target value.

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]						
[PEO]						

The goal is to show the compensation opportunity granted to NEOs – similar to the concept of "total direct compensation opportunity" used by many companies.

Column (d) would report the aggregate target dollar value of non-equity awards (including annual cash bonuses and ad hoc cash bonuses, such as signing and retention bonuses) and the aggregate target dollar value of payouts pursuant to awards under non-equity incentive plans.

Columns (e) and (f) would report the aggregate grant date fair value computed in accordance with FASB ASC Topic 718, except that it will be assumed that the award's target outcome(s) will be achieved.

While reporting the value of an equity award in the fiscal year during which the award was granted would remain the default approach, companies would have the flexibility to elect to report an equity award in the prior year (instead of the grant year) if:

- The company considers the award to be for performance in that prior year; and
- The award is granted in the first fiscal quarter of the grant year.

Although the proposal would not require separate disclosure of amounts beyond the target amount (such as threshold and maximum amounts), the SEC notes that additional disclosures may be

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needed, consistent with the principles-based approach.

Status of Equity Awards Table. This table would aim to "bridge the gap" between the two tables described above by tracking each equity award granted to NEOs from the first year it is shown in the Granted Compensation Table until after the award has either been reflected in the Earned Compensation Table as earned or otherwise fully expired.

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]								

In cases where an equity award specifies a range of potential payouts, companies would be required to provide and clearly label the amounts for each scenario (e.g., "Threshold: 25,000; Target: 100,000; Maximum: 200,000").

Unlike the current rule, which requires the disclosure of hypothetical values, the proposed table would only show equity awards in terms of the number of securities, which generally would be based on the underlying contractual arrangements already known at the time of grant.

Companies would also disclose (by footnote or narrative, with flexibility as to location):

- The date as of which the information in the table is reported.
- The vesting schedule of each equity award reported in the table.
- The material terms of any performance, market, and/or service conditions with respect to each equity award reported in the table.

The goal is to make it easier for investors to track equity awards throughout their lifecycle by showing each equity award on an award-by-award basis. Also, by not requiring value recalculations each year, the proposed amendments would reduce burdens on companies.

Illustrative Example of Primary Table Disclosures

Beginning on page 80 of the proposing release, the SEC provides a detailed example of how the three primary tables would look in practice, along with footnotes and supplemental disclosures.

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Inline XBRL

Large accelerated filers would be required to tag only the information disclosed within the three primary tables in Inline XBRL – but not block text tagging or detail tagging of any footnotes or other narrative disclosures (including pay-versus-performance information and compensation recovery disclosures).

Higher Perquisite Threshold; Relaxed Guidance

Under the proposed rule, perquisites would be disclosed in the Miscellaneous Compensation Received column of the Earned Compensation Table. Proposed changes to perquisites disclosure include:

- Updating the minimum aggregate reporting threshold from $10,000 to $150,000 for each NEO.
- Introducing a new de minimis tracking exclusion that would exclude any individual perquisite that is considered a de minimis fringe benefit under tax code Section 132(a)(4).
  - If an individual perquisite falls below the threshold, it could be excluded when calculating whether the minimum aggregate reporting threshold had been met and thus would not need to be tracked.
- Eliminating the requirement to value perquisites on the basis of the aggregate incremental cost to the company.
- Allows flexibility, as companies may otherwise need to ascribe different values for tax and securities law purposes.
- Revise current SEC guidance by:
  - Giving companies discretion to determine whether a benefit is “integrally and directly related” to the performance of an executive’s duties, so long as the determination is reasonable and made in good faith.
  - Removing the current list of examples of items requiring disclosure as perquisites, including security provided at an executive’s personal residence or during personal travel.
- Eliminating the portion of the current guidance indicating that whether a benefit is provided for business reasons or the convenience of the company should not be considered in applying the second prong of the analysis.
- Asking whether the SEC should provide updated guidance on examples of items that are or are not perquisites.

Streamlined CD&A

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Under the proposed amendments, which reemphasize a principles-based approach to CD&A, companies would only need to address three topics, and the rule would no longer include a list of example topics.

CD&A would need to cover:

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

The SEC believes the changes:

- Would address concerns with respect to the readability, length and usefulness of CD&A by focusing on material information tied to the relationship between the objectives of the program and the company's strategy.
- Reduce any perceived need to cover the current list of 15 examples of topics, regardless of materiality, and potentially reduce the inclusion of repetitive, boilerplate disclosures.

Simplified Dodd-Frank Disclosure Requirements

The proposed rule would simplify and reduce the disclosure requirements associated with mandates under the Dodd-Frank Act. The SEC believes this would address concerns about burdens to companies and disclosure complexity.

Pay-Versus-Performance. The proposed amendments would:

- Replace the specialized Compensation Actually Paid (CAP) measure of executive compensation with the total amount shown in the Earned Compensation Table (eliminating the complex calculations necessary to derive CAP under the current rule).
- Limit required performance measure disclosure to the company's cumulative total shareholder return (TSR). Companies would no longer need to:
  - Describe the relationship between executive compensation and GAAP net income and a Company-Selected Measure, which would become optional.
  - Disclose the relationship between the company's TSR and a peer group's TSR.
  - Provide the additional tabular list of three to seven financial performance measures used to link CAP to NEOs during the last fiscal year to company performance.

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- Require three years of pay-versus-performance disclosure rather than five years.
- Cover only the PEO and PFO.

Clawbacks. The proposed amendments would reduce certain technical disclosure requirements regarding the application of the clawback recovery policy. The proposal would also remove both check boxes from the cover pages of Forms 10-K, 20-F, and 40-F relating to the correction of an error to previously issued financial statements.

Pay Ratio. The proposed amendments would:

- Limit the population used to determine the "median employee" to U.S. full-time employees, excluding seasonal and temporary employees.
  - The current rule requires consideration of all individuals employed by the company or any of its consolidated subsidiaries (including U.S. and non-U.S. employees that are full-time, part-time, seasonal, or temporary) in determining the "median employee".
- Revise the methodology for determining annual total compensation of the PEO and median employee by using the information in (or applying the methodology of) the Granted Compensation Table.
- Change the frequency for determining the median employee from once every three years to once every five years.
- Streamline the rule text and simplify the guidance and disclosure requirements related to the process for identifying the median employee.
  - Companies would be allowed to maintain their current processes, but also to use other reasonable methods.
  - The instruction calling for disclosure of the date used to identify the median employee would be eliminated.
  - No explanation would be needed regarding the application of estimates, adjustments, and sampling in determining the median employee or calculating annual total compensation.

Director Compensation Relaxed

The proposed amendments would continue to require qualitative and quantitative disclosure of the material aspects of director compensation programs and compensation amounts earned by each member of the board of directors. However, the revised requirements would take a more principles-based approach, eliminating certain prescriptive presentation requirements as well as certain elements of compensation that may not reflect the typical structures of director compensation programs.

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Other Amendments

Termination and Change-in-Control. Eliminate prescriptive quantitative disclosure requirements related to potential payments and benefits in hypothetical termination or change-in-control scenarios and instead require qualitative disclosure of the material terms of such arrangements.

- Disclosure could be omitted if the company previously satisfied the requirements in an Item 5.02 Form 8-K filing.

Golden Parachutes. Simplify and make more principles-based golden parachute compensation disclosure by streamlining the tabular presentation requirements and providing more flexibility for narrative disclosure.

Golden Parachute Compensation Table				
Name	**Cash ($)**	**Equity ($)**	**Miscellaneous ($)**	**Total ($)**
(a)	*(b)*	*(c)*	*(d)*	*(e)*
[PEO]				
[PFO]				

- ***SRCs and EGCs.*** Streamline Item 402 by identifying the rule provisions governing the disclosure requirements and accommodations for SRCs and EGCs into two paragraphs Item 402, thereby eliminating the need for a separate set of executive compensation disclosure provisions for SRCs and EGCs.
- ***Pension Benefit and NQDC Tables.*** Eliminate the pension benefits table and the nonqualified deferred compensation table.
  - The SEC believes information most likely to be material is the incremental amount earned during the year, including company contributions or other allocations to NQDCs, any above market or preferential earnings on such deferred compensation, and pension plan service costs. As proposed, those amounts would be included in the Miscellaneous Compensation Received column of the Earned Compensation Table.
- ***Risk Management; Equity Grant Timing.*** Eliminate disclosure requirements associated with risk management-related compensation policies and practices and grants of equity awards close in time to the release of material non-public information.
- ***Registration Statement Timing.*** Provide companies using long-form registration statements (e.g., Form S-1 and Form S-4) up to 120 days after fiscal year end to provide executive compensation disclosure for the last fiscal year, the same period of time currently available for short-form registration statements (e.g., Form S-3 and Form S-8).

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- ***Other Material Information.*** Proposed Item 402(a)(5)(i) would require companies to disclose any material information necessary to an understanding of the information disclosed in the three primary compensation tables, in any format deemed appropriate. The list of examples of information that may be material would be eliminated. The proposed rules would also allow companies to omit a table or column if no compensation would be reported, or to split a single column into multiple columns.

Tabular Reconciliation with Existing Rule

A detailed table showing the effect of the proposal on particular subsections of S-K Item 402 appears beginning on page 25 of the proposing release.

Compliance Date

If adopted, the proposed rules would become effective on the next January 1 after publication of the adopting release in the Federal Register. Companies would be required to apply the new rules, if adopted, for their first full fiscal year ending on or after the effective date. For registration statements and prospectuses, companies would be required to apply the new rules, if adopted, in any registration statement or prospectus that, on its initial filing date, is required to contain financial statements for a fiscal year ending on or after the effective date.

Companies would be permitted to elect to provide disclosure consistent with the new rules, if adopted, any time after the effective date, so long as they provide disclosure responsive to the amended item in its entirety.

Related Capabilities

- Securities & Corporate Governance

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