



Clawback Rule Published in Federal Register – What it Means

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The Securities and Exchange Commission (SEC) published its final clawback rule in the Federal Register on November 28, 2022, which establishes the following deadlines:

- The stock exchanges are required to update their listing standards to incorporate the SEC's final clawback rule no later than 90 days after the publication date, or **February 27, 2023**.
 - The SEC rule includes the minimum requirements for establishing a compliant clawback policy and each exchange has the discretion to incorporate more rigorous provisions.
- The stock exchanges' updated listing standards must become effective no later than one year after publication or **November 28, 2023**.
- Companies have 60 days from the effective date of the listing standards to adopt a compliant clawback policy; assuming the exchanges set the effective date as of November 28, 2023, companies will need to adopt a compliant clawback policy no later than **January 27, 2024**.
- Incentive-based compensation (as defined under the rules) earned by current or former executive officers based on the attainment financial measures (including stock price or TSR measures) for fiscal years ending after November 28, 2023 or compensation granted, earned, or vested on or after **November 28, 2023** is covered by the clawback rules.

This Viewpoint is intended to inform compensation committees, executives, and compensation professionals about developments that may affect their companies; it should not be relied on as specific company advice or as a substitute for legal, accounting, or other professional advice.

General questions about this Viewpoint can be directed to Mike Kesner (mike.kesner@paygovernance.com).