

Mitchel Pahl Quoted by *CFO.com* on Aligning Existing Clawback Policies With New SEC Rule

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New York Partner Mitchel Pahl, Employee Benefits and Executive Compensation, was quoted in an article by *CFO.com* about the US Securities and Exchange Commission's (SEC) Dodd-Frank rule and how to ensure existing policies coordinate with the new required policy. Beginning December 1, 2023, the rule required public companies to comply if any incentive-based compensation is awarded due to "material noncompliance with any financial reporting requirement," or put simply, due to accounting errors or misconduct.

Clawback policies are not new, and many companies have chosen to leave their existing policies in place. Mitchel stated that there is no reason companies can't do so as long as they maintain a separate policy that meets all of the SEC requirements. He added that it can be helpful to coordinate provisions, similar to those commonly found in equity plans, that will ensure both policies work together.

"It is typical to draft 'ordering principles' into these and similar documents that serve to tie-break and decide which document will govern if there's a conflict or discrepancy," Mitchel added. Even though the clawback rules are housed in different documents, "the documents talk to each other."

["Aligning SEC, Existing Clawback Policies,"](#) *CFO.com*, December 12, 2023

Also see: [New SEC Clawback Rules Create a 'Two-Policy' Corporate Conundrum](#)

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