



**Katten**

**MERIDIAN**<sup>™</sup>  
COMPENSATION PARTNERS

**EY**

Shape the future  
with confidence

# 2026 ANNUAL REPORTING & PROXY SEASON UPDATE

**Lawrence Levin**

Senior Counsel  
National Co-Chair, Capital  
Markets Practice Group  
**Katten**

**Alyse Sagalchik**

Partner  
**Katten**

**Adam Hearn**

Principal  
**Meridian Compensation  
Partners, LLC**

**Tyler Papineau**

Consultant  
**Meridian Compensation  
Partners, LLC**

**Henrik Turk**

Managing Director,  
Financial Accounting  
Advisory Services  
**Ernst & Young LLP**

# Speakers



**Lawrence Levin**

Senior Counsel  
National Co-Chair, Capital Markets  
Practice Group  
**Katten**



**Alyse Sagalchik**

Partner  
**Katten**



**Adam Hearn**

Principal  
**Meridian Compensation  
Partners, LLC**



**Tyler Papineau**

Consultant  
**Meridian Compensation  
Partners, LLC**



**Henrik Turk**

Managing Director, Financial  
Accounting Advisory Services  
**Ernst & Young LLP**

# New Day at the SEC

“[I]t is a new day at the Securities and Exchange Commission.”

Paul S. Atkins, Chairman  
Sept. 4, 2025

# SEC Spring 2025 Rulemaking Agenda

Additions to the Spring 2025 Rulemaking Agenda include proposed rules relating to:

- Rationalization of Disclosure Practices
- Crypto Assets
- Rule 144 Safe Harbor
- Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies
- Shelf Registration Modernization
- Updating the Exempt Offering Pathways
- Shareholder Proposal Modernization

# SEC Spring 2025 Rulemaking Agenda (cont.)

Dropped rules include proposed rules relating to:

- Human Capital Management Disclosure
- Corporate Board Diversity
- Disclosure of Payments by Resource Extraction Issuers



# Semiannual Reporting on the Horizon?

## History:

- 1970 - Quarterly financial reporting required in US
- August 2018 - President Trump endorsed semiannual reporting, and the SEC issued a request for comment; rulemaking stalled in 2021 under Biden
- September 2025 - President Trump endorsed semiannual reporting again, and Chairman Atkins confirmed SEC will propose a rule change

# Semiannual Reporting on the Horizon? (cont.)

Arguments in favor of semiannual reporting:

- Greater long-term focus for public companies
- Lower regulatory compliance costs
- Lesser filing burden may encourage IPOs
- Potential alignment with non-US jurisdictions (UK, EU and Australia) and with the obligations of foreign private issuers

# Semiannual Reporting on the Horizon? (cont.)

Arguments against semiannual reporting:

- Decreased transparency and lower information quality
- Reduced financial discipline
- Potential lack of uniformity among companies
- Longer trading blackouts and reduced trading activity
- More frequent use of Form 8-K filings



# Semiannual Reporting on the Horizon? (cont.)

Timetable for a possible change:

- SEC must issue a proposed rule
- Public comment period
- Final rule issuance
- Waiting period prior to effectiveness
- Transition period following effectiveness

# Annual Risk Factor Review

- SEC Chairman Atkins has emphasized the need for risk factors to be tailored to the specific company, so investors understand what is important or material, rather than “dump[ing] the kitchen sink in . . .”
- Consider whether to include risk factors related to the following:
  - artificial intelligence (including reputational, cybersecurity or regulatory risks related to use or non-use of AI)
  - tariffs and changes or uncertainty in trade policy
  - inflation, interest rates and general economic weakness
  - digital assets
  - cybersecurity and data privacy
  - geopolitical risks
  - risks related to delisting in light of Nasdaq’s rule amendment in 2025

# Artificial Intelligence

- Mainly disclosed in risk factors
- Increasingly discussed in other areas, including MD&A, financial statements, description of the business, cybersecurity and forward-looking statements
- Important to continue to evaluate what constitutes appropriate AI-related disclosure, given the increased use of AI broadly and the need for appropriate disclosure controls and procedures. In particular, issuers should:
  - consider clearly defining what AI means for them
  - provide tailored disclosures (rather than boilerplate)
  - confirm there is adequate support for their AI-related disclosure, especially as it relates to AI prospects

# Cybersecurity

- The final rules were adopted in 2023, which broadly require companies to (i) describe their processes to identify, assess and manage cybersecurity risks and whether any such risks have materially impacted or are reasonably likely to materially impact them, (ii) describe their board of directors' oversight of cybersecurity risk and (iii) describe management's role in assessing and managing material cybersecurity risks.
- SEC staff comments on cybersecurity disclosure have covered a variety of topics, including, among others, asking companies to disclose:
  - the relevant expertise of management involved in managing and assessing cybersecurity threats; and
  - whether they engage assessors, consultants, auditors or other third parties in connection with its cybersecurity processes.

# Climate Change

- Overall, in 2024 (as compared to 2023), the number of companies that included climate change-related disclosure in their annual reports was roughly steady, but the nature of the disclosure itself changed, with fewer companies disclosing:
  - a greenhouse gas emissions reduction goal
  - a net zero or carbon neutral commitment
  - a specific framework or reporting standards for their sustainability reports
- SEC rules are subject to litigation, which is currently held in abeyance in the Eighth Circuit Court of Appeals until the SEC rescinds or otherwise reconsiders the rule.
- Be aware of independent obligations under state and EU laws.

# Diversity

- In 2025, many companies significantly revised or removed DEI-related disclosure previously made in their annual reports.
- Many companies:
  - reframed DEI disclosures to emphasize compliance with applicable laws, broad workforce development and opportunity and skills-based hiring; and
  - reduced or aggregated reporting on individual demographics, while focusing on board effectiveness, qualifications and oversight of human capital.



# Shareholder Proposals and Rule 14a-8

On November 17, 2025, the staff of the Division of Corporation Finance announced that, for the proxy season occurring from October 1, 2025 through September 30, 2026, the staff will generally not provide responses to no-action requests relating to the exclusion of shareholder proposals from an issuer's definitive proxy materials pursuant to Rule 14a-8.

# Shareholder Proposals and Rule 14a-8 (cont.)

*What does the announcement mean?*

- An issuer that intends to exclude a proposal from its proxy materials will still be required to provide an “informational only” notice to the SEC.
  - If the issuer includes in its notice an unqualified representation that it has a reasonable basis to exclude the proposal under Rule 14a-8, prior published guidance and/or judicial decisions, the staff will provide a response stating whether or not it objects to such exclusion.
- The staff will still provide responses to no-action requests under Rule 14a-8(i)(1) (relating to shareholder proposals that are improper under applicable state law, which requires an opinion of local counsel to be submitted to the staff).

# Smaller Reporting Company Status

- On August 27, 2025, the SEC published C&DI 130.05, which clarifies that, if a “smaller reporting company” that previously qualified under the revenue test ceases to qualify as an SRC, it can continue reporting as an SRC, including relying on accommodations, until the beginning of its next fiscal year and until the filing of its 10-Q for the first quarter, and it may still take advantage of the longer timeframe accorded to nonaccelerated filers for annual and quarterly Exchange Act reports.
  - The C&DI does not apply to SRCs that qualify as such under the public float test.

# **Executive Compensation Disclosure Trends**

# SEC Roundtable

## **On June 26, 2025, the SEC hosted a roundtable discussion on executive pay disclosures**

- SEC Chair (Paul Atkins) noted a need to review appropriateness of current disclosure regime, stating the SEC's rules "must be grounded in achieving the Commission's three-part mission: investor protection, fair, orderly and efficient markets, and capital function."
- Furthermore, he stated that the rules "should be cost-effective for companies to comply with and provide material information to investors in plain English."
- Panelists generally identified challenges with current disclosure rules related to (i) complexity, (ii) materiality and (iii) lack of flexibility
- Comments during the roundtable and comment letters received by the SEC could lead to simplification of pay disclosure requirements but this appears unlikely for the 2026 proxy season

# Executive Security

## **Elevated focus on executive security after murder of UnitedHealthcare CEO in December 2024**

- Some public companies are evaluating adequacy (or need for) various forms of executive security
  - Home security; ground transportation; accompanying security personnel in particular instances
- Any type of executive security provided to NEO is a disclosable perquisite.
  - Incremental cost of executive security protection is disclosed under All Other Compensation Section of Summary Compensation Table
  - Disclosure required regardless of whether company can demonstrate security protection is required to deter actual threats
  - Some law firms calling for SEC to reconsider this position
    - SEC Chair has not publicly expressed an opinion on this issue



# “Passive Investor” Status

**On February 11, 2025, the SEC issued clarifying guidance on who may be considered a “passive investor” in seeking exemption from filing Schedule 13D (an onerous requirement)**

- New guidance affects investors owning >5% of a company’s stock
- SEC’s interpretation of what counts as “passive” has narrowed
- Investors pressuring management to adopt changes will no longer be classified as “passive”
  - Examples of Changes: Removing staggered Board, changing executive pay practices, pushing social policies and/or conditioning director vote support on the company adopting certain changes
- BlackRock and Vanguard temporarily paused company engagement meetings to assess the impact of the new guidance
  - Both asset managers have resumed investment stewardship meetings, but now emphasize their role as a “passive investor”

# Non-Binding Shareholder Proposals

## **SEC Chair questioned whether Delaware law requires companies to include non-binding shareholder proposals in their proxy statements**

- His remarks suggest that such non-binding proposals may be excluded from a Delaware corporation's proxy on the basis that the proposal was "not a proper subject for action by shareholders" under Delaware law.
- SEC Chair suggested that Delaware corporations could successfully exclude such non-binding proposals by submitting a no-action letter to the SEC seeking to exclude the proposal on the following basis:
  - (i) Delaware law does not grant shareholders the right to vote on nonbinding proposals, (ii) the company has not created such right through its governing documents, and (iii) therefore, the nonbinding shareholder proposal is excludable under the proxy rules
- Chair Paul Atkins unequivocally stated that the foregoing basis for excluding a non-binding shareholder proposal should "prevail" and that he had "high confidence that the SEC staff will honor this position."

# Non-Binding Shareholder Proposals

## Implications:

- In near term, Delaware corporations may be reluctant to act on the Chair's view before formal guidance is issued by the SEC or a ruling from the Delaware courts on this matter
- This upcoming proxy season, we expect some Delaware companies will pursue exclusion of non-binding shareholder proposals
- If confirmed by the SEC or Delaware courts, this could lead to widespread exclusion of nonbinding shareholder proposals by Delaware corporations

## Recent Announcement:

- On November 17, 2025, the SEC announced that it will **not** take a position on a company's exclusion of shareholder proposals in 2026 (except with regard to those that are allegedly improper under state law)

# Impact of Tariffs / Uncertainty

**Compensation Committees are assessing how tariffs affect incentive plans and the challenge of aligning pay with performance amid uncertainty**

- Many companies anticipate difficulty in meeting performance goals due to unexpected cost increases and market volatility
- Most companies are taking a “wait and see” approach before adjusting incentive outcomes
- While decisions are generally delayed until there is more clarity on tariff impacts, it is useful to review key adjustment principles in advance

**To ensure that executives are incentivized to do the right thing for the business and to manage risks effectively, certain actions are being considered (typically not to in-flight cycles):**

- Widening performance goal ranges
- Delaying goal-setting to later in the year
- Shortening performance measurement periods
- Using relative metrics
- Developing “adjustments principles/guidelines” for performance metrics
- Applying discretion at the end of the performance period

# DEI – Proxy Advisors / Institutional Investors' Response

**In response to DEI-related actions by the administration, proxy advisors and institutional investors have revisited their diversity policies**

- **ISS Policy Changed:** ISS will no longer consider board diversity when issuing vote recommendations on directors (previously recommended against Nom/Gov Chairs if boards lacked gender or racial/ethnic diversity)
- **Glass Lewis (GL) Policy Retained:** GL maintained its existing policy on board diversity, which generally leads to an against recommendations for the Nom/Gov chair if board has <30% female directors (Russell 3000) and/or no directors from underrepresented communities (Russell 1000)
  - New reports will flag when a negative recommendation is due to insufficient diversity, enabling clients to override the Glass Lewis recommendation at their discretion
- **Vanguard:** Removed prior requirement for boards to include gender, racial and ethnic diversity
  - Now prioritizes "cognitive diversity" reflecting relevant skills, perspectives and experiences
  - May oppose governance chairs if board composition and disclosure fall short of "market norms"
- **BlackRock:** No longer expects S&P 500 boards to meet specific diversity thresholds (e.g., 30% diverse directors, at least two women on the board)
  - Will assess board composition case-by-case, focusing on skills and strategic alignment
  - May vote against directors if diversity is significantly below "market norms"
- **State Street:** No longer expects boards to feature a certain percentage of women (e.g., 30%); notes that nominating committees are "best placed to determine the most effective board composition and degree of diverse experiences and perspectives represented in the boardroom"

# Proxy Advisors – Under Investigation

**Earlier in 2025, House Subcommittee on Capital Markets held a hearing to examine role and influence of proxy advisors in shaping corporate governance and shareholder voting outcomes**

- The Committee expressed concern that ISS and Glass Lewis could leverage “market power to extort U.S. companies into purchasing corporate consulting services and exclude smaller competitors from the market”
- Witnesses who supported stated concerns included:
  - **Charles Crain, Managing Vice President, Policy, National Association of Manufacturers.** *"Proxy firms have substantive beliefs and normative agendas about how public companies should be run. In other words, they are not disinterested third parties; rather, they seek to guide corporate behavior to align with their own interests"*
  - **Elizabeth Ising, Partner, Gibson Dunn.** *"The consulting services offered by proxy advisory firms call into question the quality, objectivity and reliability of their proxy voting recommendations"*
  - **Paul Rose, Dean, School of Law, Case Western Reserve University.** *"Today, two firms—Institutional Shareholder Services (ISS) and Glass Lewis—dominate over 90% of the proxy advisory market. Their recommendations can swing vote outcomes and shape the governance of publicly traded companies, yet these firms operate without fiduciary obligations, limited transparency, and minimal accountability."*
- To further its investigation, House Judiciary Committee asked ISS and Glass Lewis to produce documents relating to (i) communication between the two firms, (ii) vote recommendations by issuer and (iii) issuers receiving consulting services

**Unclear if Subcommittee investigation will yield restrictive rules governing proxy advisors**



# **ISS and Glass Lewis Policy Updates**

# ISS Policy Updates for 2026

## ISS recently released its benchmark policy changes for 2026:

- **Pay-for Performance Evaluation:** Certain tests will be measured over a longer-time horizon
  - **Relative Degree of Alignment/Financial Performance Assessment:** Move from 3- to 5-year time horizon
  - **Multiple of Median:** Move from a 1-year to a 1-year and 3-year time horizon
- **Time-Based Equity Awards with Long-Term Time Horizons:** Time-based equity awards with extended vesting will be viewed more favorably in qualitative Pay-for-Performance assessments
- **Company Responsiveness Following Low Say on Pay Support:** If a company discloses meaningful engagement efforts but was unable to obtain specific feedback, ISS will assess actions taken and reasons why such actions are beneficial for shareholders
- **High Non-Employee Director Pay:** Expands policy to permit immediate adverse vote recommendations if pay levels are deemed highly problematic or recur in non-consecutive years
- **Modifications to Equity Plan Scorecard:** Adds (i) a new scoring factor under “Plan Features” to assess whether plans that include non-employee directors disclose cash-denominated award limits and (ii) a new negative overriding factor for equity plans found to be lacking sufficient positive features under the Plan Features pillar despite an overall passing score

# Glass Lewis Policy Changes for 2026

## *Select Compensation/Governance Topics in Policy Survey*

GL Topic Area	Focus of Survey Questions	Investor Responses
<b>Director Compensation</b>	How respondents assess significant increases in director fees	Investors noted it would be potentially concerning, unless in line with market peers
<b>Long-Term Incentives</b>	<ul style="list-style-type: none"> <li>• <b>Time-Based vs. Performance-Based Equity:</b> Under what specific circumstances would only time-based awards under a long-term incentive plan be reasonable</li> <li>• <b>Make Whole Incentive Grants:</b> Should make-whole awards be evaluated on the same basis as other sign-on awards</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Time-Based Awards:</b> Investors were still generally weary of the sole use of time-based awards – but were most open to the practice when target-setting is impacted by macro conditions, when the vesting period is extended, and/or when such structures are common among peers</li> <li>• <b>Make-Whole Awards:</b> Investors were split between treating make-whole grants on the same basis as other sign-on awards and viewing them differently so long as the structure and quantum are disclosed and clearly equivalent to what was forfeited</li> </ul>
<b>Executive Security/Perks</b>	How should executive security costs be reported	Investors were split between current SEC guidance being appropriate and wanting added clarity
<b>Equity Plans</b>	What characteristics are considered important in evaluating omnibus equity plans	Investors strongly emphasized qualitative terms and a best practice plan structure, including the absence of repricing and evergreen provisions. Among quantitative factors, dilutive impact was deemed most important
<b>Severance Benefits</b>	Which ad-hoc adjustments are acceptable to contractual severance benefits (if any)	US investors were far more likely to view ad hoc adjustments as unacceptable; however, the most common response was adjustments would be palatable if necessary to offset expansions of restrictive covenants
<b>Shareholder Engagement Expectations</b>	Any change under consideration for engagement process and/or voting (due to passive investor guidance)	No changes are being made (or considered) at this time
<b>Tariffs</b>	How would the board be expected to respond when incentive outcomes reflect elements of a company's performance that have been materially impacted by tariffs	Investors favored no action taken but if adjustments made – would prefer transparent disclosure of rationale and materiality

# Glass Lewis Policy Changes for 2026

## *Changes to Pay-for-Performance Assessment Methodology*

### Glass Lewis recently announced changes to its Pay-for-Performance assessment methodology for the 2026 proxy season

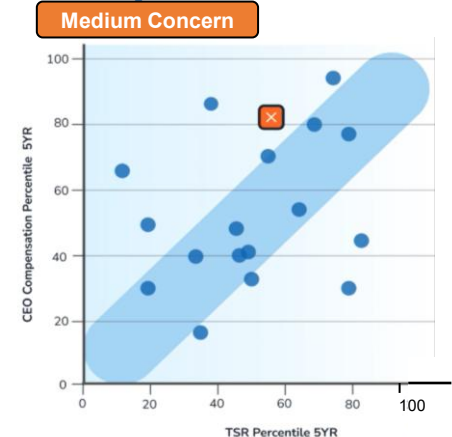
- Changes previewed are being made in response to investor feedback and include the following:
  - Replace historical A-F letter grade system for U.S. and Canadian companies with a new 0-100 numerical scoring system, with an associated concern level (Negligible, Low, Medium, High & Severe)
  - Use of a broader set of tests to evaluate pay and performance alignment
  - Lengthen evaluation period from three to five years
  - Consideration of program structure and disclosure
- Quantitative tests used to evaluate alignment include:
  - CEO Granted Pay vs. TSR and Financial Performance (vs. GL peers)
  - NEO Granted Pay vs. Financial Performance (vs. GL peers)
  - CEO STI Payouts vs. TSR (vs. “market-based benchmarks”)
  - CEO CAP vs. TSR (vs. “market capitalization peers”)

Qualitative assessment will consider use of special awards, mix of fixed versus variable pay, use of upward discretion, caps on incentives (and whether maximums are excessive), disclosure of incentives/goals and length of vesting period on LTI awards

STI Payouts vs TSR Performance



CEO Pay vs TSR Performance



# Glass Lewis Policy Changes for 2027

## *Changes to “Benchmark Report” Process*

**Starting in 2027, Glass Lewis will no longer issue a single proxy research report that includes vote recommendations and analysis based on “in-house” proxy voting guidelines**

- Instead, GL will issue four separate research reports on a given company, each of which represents a different voting profile and preference under the following categories:
  - **Governance Fundamentals:** Likely used by indexed mutual funds and public pension funds and therefore most influential on proxy voting
  - **Management-Aligned:** Likely used by compliance-only investors, such as asset managers with small assets under management
  - **Active Investor:** Likely used by asset managers that actively trade in public company securities
  - **Sustainability:** Likely used by ESG or sustainability-oriented asset managers
- GL’s research analysis and voting recommendations may differ by category
- Although this shift, on the surface, appears to be a sea change, it is likely to have limited impact on Say on Pay and election of director voting
  - The reports will largely track how GL investor clients already use GL reports and execute their votes through custom vote policies
  - Only 30% of Glass Lewis clients follow GL vote recommendations, which presumably would be those concentrated in the Governance Fundamentals category

# Tesla's Equity Grant to Elon Musk

## Tesla recently granted Elon Musk a new performance-based equity award tied to the achievement of significant milestones

- On September 3, 2025, the Tesla Board adopted and granted the 2025 CEO Performance Award<sup>1</sup>
  - Tesla used a special committee of disinterested directors to determine whether it was in the Company's best interests to retain and incentivize Mr. Musk and the terms of any such incentive
- The Award covers up to approximately 12% of Tesla's shares in 12 equal tranches
- Both a market value milestone and an operational milestone must be achieved for each tranche to be earned and subsequently vest
- Mr. Musk must pay an "offset amount" upon settlement of the award, and hold shares until later of five years after being earned or the vesting date
  - Maximum offset amount is the grant date fair market value of the shares underlying the grant (i.e., approximately \$141.5 billion)

Tranche #	Market Value Milestones	Operational Milestones (Order is illustrative only)
1	\$2 trillion	20 million vehicles delivered
2	\$2.5 trillion	10 million active FSD subscriptions
3	\$3 trillion	1 million robots delivered
4	\$3.5 trillion	1 million robotaxis in commercial operation
5	\$4 trillion	\$50 billion adjusted EBITDA
6	\$4.5 trillion	\$80 billion adjusted EBITDA
7	\$5 trillion	\$130 billion adjusted EBITDA
8	\$5.5 trillion	\$210 billion adjusted EBITDA
9	\$6 trillion	\$300 billion adjusted EBITDA
10	\$6.5 trillion	\$400 billion adjusted EBITDA
11	\$7.5 trillion	\$400 billion adjusted EBITDA
12	\$8.5 trillion	\$400 billion adjusted EBITDA

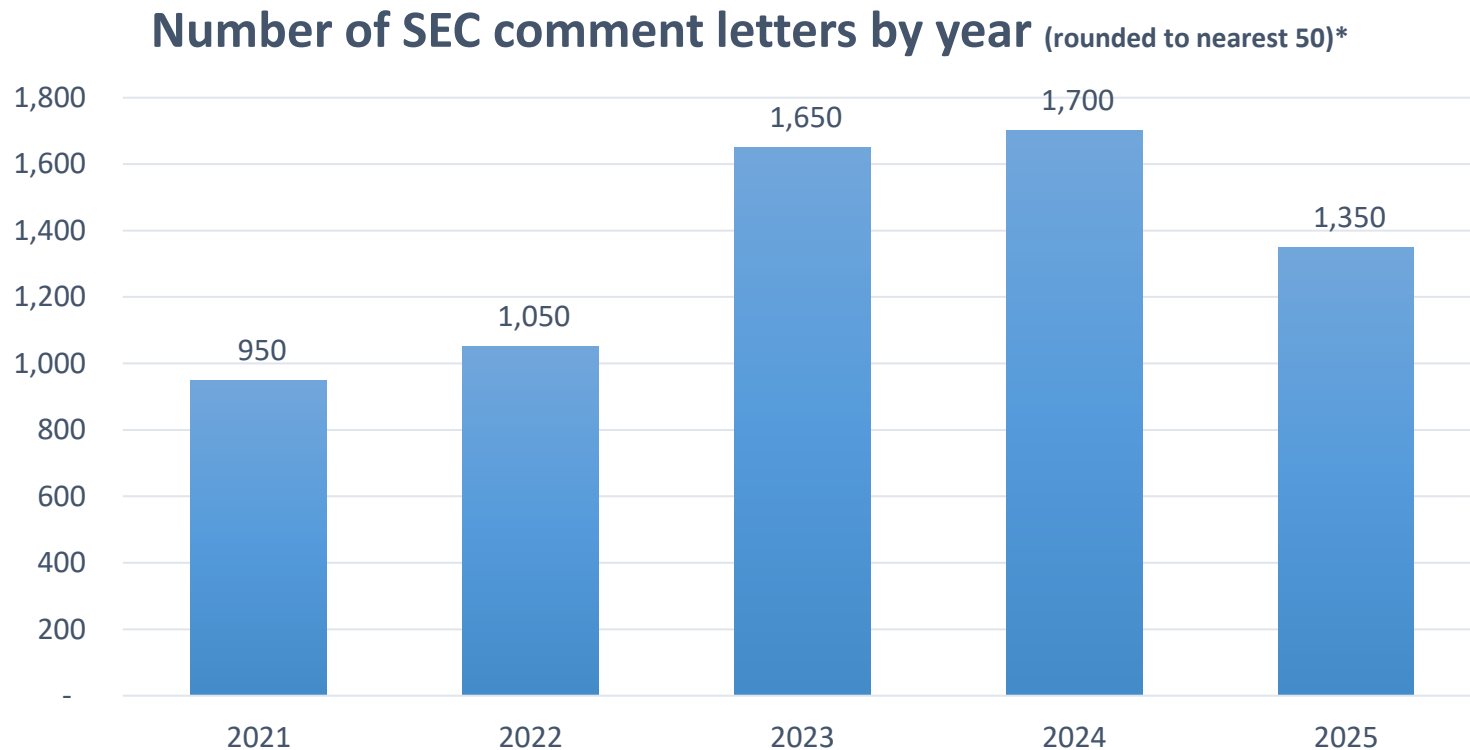
- The \$7.5 and \$8.5 trillion market value milestones also require a framework for CEO succession
- Tranches earned before the 5th anniversary vest and payout on the 7.5-year anniversary and on and afterwards on the 10th anniversary

<sup>1</sup> Award was subject to shareholder approval; over 75% of shareholders approved the award



# **SEC Accounting Review Hot Buttons**

# SEC Accounting Comment Letters



\*Audit Analytics — SEC UPLOAD comment letters related to Forms 10-K and 10-Q that were issued during the 12-month periods ended on 30 June each year and became publicly available by the date of our analysis, excluding those issued to special purpose acquisition companies (SPACs) and other blank check entities. Since the SEC publicly releases comment letters no earlier than 20 business days after the completion of its reviews, our analysis for the latest year includes letters that were issued by 30 June and were publicly available by 6 August 2025.

Source: **SEC Reporting Update: Highlights of trends in 2025 SEC staff comment letters**, 11 September 2025. Ernst & Young LLP, 2025.

# SEC Accounting Comment Letters (cont.)

Comment area	Ranking* 12 months ended June 30	
	2025	2024
Management's discussion and analysis (MD&A)	1	1
Non-GAAP financial measures	2	2
Segment reporting	3	3
Revenue recognition	4	4
Goodwill and intangible assets	5	5

\*These rankings are based on topics assigned by research firm Audit Analytics for SEC comment letters issued to registrants with a market capitalization of \$75 million or more on Forms 10-K and 10-Q from 1 July 2024 through 30 June 2025, excluding comment letters issued to SPACs and other blank check entities. In some cases, individual SEC staff comments are assigned to multiple topics.

Source: **SEC Reporting Update: Highlights of trends in 2025 SEC staff comment letters**, 11 September 2025. Ernst & Young LLP, 2025.

# SEC Accounting Comment Letters (cont.)

## Other areas of comment

- Business combinations
- Contingencies
- Accounting error corrections, internal control over financial reporting, and disclosure controls and procedures
- New and emerging risks
  - Cybersecurity
  - Crypto assets
  - Macroeconomic and geopolitical factors

# **Financial Reporting Developments**

# Financial Reporting Developments

FASB modernizes guidance on accounting for internal-use software

- On September 18, 2025, the Financial Accounting Standards Board (FASB) issued the final Accounting Standards Update (ASU) 2025-06, Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Accounting for and Disclosure of Software Costs.
  - The guidance removes all references to project stages throughout ASC 350-40 and clarifies the threshold entities apply to begin capitalizing costs.
  - The ASU is intended to address stakeholder feedback that the current guidance for software costs is outdated and not relevant given the evolution of software development.

# Financial Reporting Developments (cont.)

FASB expands derivative scope exceptions and clarifies guidance for share-based noncash consideration

- On September 29, 2025, the Financial Accounting Standards Board (FASB) issued the final Accounting Standards Update ASU 2025-07, Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract
  - Addresses challenges in applying the definition of a derivative and scope exceptions to contracts such as research and development funding arrangements, litigation financing arrangements and bonds with interest payments based on environmental, social and governance metrics.
  - In addition, the guidance clarifies the accounting by an entity that receives share-based noncash consideration (such as warrants or shares) from a customer that is consideration for the transfer of goods or services in a revenue contract.

# Katten Locations

## **CHARLOTTE**

550 South Tryon Street  
Suite 2900  
Charlotte, NC 28202-4213  
+1.704.444.2000 tel  
+1.704.444.2050 fax

## **CHICAGO**

525 West Monroe Street  
Chicago, IL 60661-3693  
+1.312.902.5200 tel  
+1.312.902.1061 fax

## **DALLAS**

2121 North Pearl Street  
Suite 1100  
Dallas, TX 75201-2591  
+1.214.765.3600 tel  
+1.214.765.3602 fax

## **LONDON**

Paternoster House  
65 St Paul's Churchyard  
London EC4M 8AB  
United Kingdom  
+44 (0) 20 7776 7620 tel  
+44 (0) 20 7776 7621 fax

## **LOS ANGELES –**

2121 Avenue of the Stars  
Suite 1100  
Los Angeles, CA 90067-5010  
+1.310.788.4400 tel  
+1.310.788.4471 fax

## **NEW YORK**

50 Rockefeller Plaza  
New York, NY 10020-1605  
+1.212.940.8800 tel  
+1.212.940.8776 fax

## **ORANGE COUNTY**

300 Spectrum Center Drive  
Suite 1090  
Irvine, CA 92618-4999  
+1.714.966.6819 tel  
+1.714.966.6821 fax

## **SHANGHAI**

Suite 4906 Wheelock Square  
1717 Nanjing Road West  
Shanghai 200040  
P.R. China  
+86.21.6039.3222 tel  
+86.21.6039.3223 fax

## **WASHINGTON, DC**

1919 Pennsylvania Avenue NW  
Suite 800  
Washington, DC 20006-3404  
+1.202.625.3500 tel  
+1.202.298.7570 fax

Katten refers to Katten Muchin Rosenman LLP and the affiliated partnership as explained at [katten.com/disclaimer](http://katten.com/disclaimer).

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.