Clifford Chance

BRIEFING

SEC Proposes Substantial Revisions to Executive Compensation Disclosure

18 November 2026



Key changes

- CEO and CFO focus only
- New tables but fewer tables
- Substantial perquisite disclosures relief
- Shorter CD&A
- Streamlined requirements for Pay-versus-performance and CEO pay ratio disclosures
- Simplified director disclosure, golden parachute disclosure and more time for including Item 402 disclosure in registration statements

On November 13, 2026, the Securities and Exchange Commission (**SEC**) issued a 542-page release proposing amendments to executive compensation disclosure under Item 402 of Regulation S-K. If adopted, the proposals would represent the most significant changes to these disclosure requirements for public companies in 20 years.

Key proposed changes are summarized below

CEO and CFO focus. The named executive officers (**NEOs**) would include anyone who served as principal executive officer (**PEO**) or principal financial officer (**PFO**), or in a similar capacity, during the last completed fiscal year. Other executives would no longer be included, generally reducing the number of NEOs from typically five to two.

New tables

Three new tables would replace the existing Summary Compensation Table and other tables. The new tables are summarized below.

1	**Earned Compensation Table**	Reports salary and non-equity awards earned, stock value realized at vesting, option value realized at exercise and miscellaneous compensation, including reportable perquisites and specified retirement-related amounts.
2	**Granted Compensation Table**	Presents compensation opportunities using annualized salary at year-end, non-equity awards generally valued at target and grant-date fair values of equity awards assuming target outcomes. Certain first-quarter equity grants could be reported for the prior performance year if the election is applied consistently and disclosed.
3	**Status of Equity Awards Table**	Tracks individual equity awards through vesting, exercise or expiration, showing material award terms, share amounts or ranges and cumulative vesting and exercise status.

Substantial perquisite relief

The aggregate reporting threshold for perquisites would increase from $10,000 to $150,000 per NEO, excluding qualifying *de minimis* fringe benefits. Companies could make reasonable, good-faith determinations that benefits, including security arrangements assessed on a case-by-case basis, are directly and integrally related to executive duties. Companies would also gain valuation flexibility.

Shorter CD&A

Compensation Discussion and Analysis (CD&A) would focus on three topics rather than seven: compensation objectives relative to corporate strategy; material pay elements and how amounts are determined; and, where applicable, whether and how the latest say-on-pay vote affected compensation decisions.

Pay-versus-performance

Disclosure would use Total Compensation Earned and cover each NEO over three years rather than five. The only required performance measure would be the company's cumulative total shareholder return (TSR).

CEO pay ratio

Annual reporting would remain, but the median employee would be selected only from full-time employees in the United States and its territories, excluding temporary and seasonal employees. The median employee would be identified at least every five years rather than three, with both PEO and median employee pay measured using the Granted Compensation Table methodology.

Directors, transactions and registration statements

Individual director compensation and material program terms would remain reportable in a flexible format, with equity measured at vesting or exercise. Transaction-specific golden parachute disclosure would remain but would be limited to PEOs and PFOs and would be simplified. Long-form registration statements (e.g., Form S-1) could omit prior-year Item 402 information until the earlier of disclosure in an Exchange Act filing or 120 days after fiscal year-end.

Expected Effective Date
There is a 60-day comment period, and nothing changes yet. Companies should prepare their 2027 proxy statements under the current rules and the current perquisite guidance. If the adopting release is published in the Federal Register during 2027, a calendar-year company would first be required to apply the new rules in its 2029 proxy statement, although it could elect to apply them a year earlier. A company whose fiscal year ends early in 2028 could be required to apply them in 2028.

- **Other highly compensated officers:** Officers would no longer be subject to NEO compensation disclosure solely because they fall within the additional highest-paid or former-officer categories, unless they served as PEO or PFO. This change will not affect the scope of the deduction limitation under Section 162(m).
- **Hypothetical severance calculations:** Companies would no longer need to quantify potential termination and change-in-control payments, but would still need to disclose material arrangement terms and actual reportable payments.
- **Standalone disclosures:** The compensation-risk disclosure under Item 402(s), the equity-grant timing narrative and tables under Item 402(x), and the CD&A's 15 illustrative topics would be removed.
- **Prescribed presentation and calculations:** The following requirements would be removed to simplify disclosure: the prescribed Director Compensation Table format; the pay-versus-performance table and specialized Compensation Actually Paid calculation; required net income and peer-group TSR comparisons; and the list of three to seven performance measures.
- **Perquisite prescriptions:** Mandatory aggregate-incremental-cost valuation and requirements to identify and quantify individual perquisites would be removed, subject to the continuing material-information standard.
- **Clawback disclosures and tagging:** Annual-report error-correction checkboxes, explanations of why recovery was not required, and existing Inline XBRL tagging requirements for pay-versus-performance and clawback disclosures would be eliminated. Underlying clawback obligations would not change.

We will be monitoring developments in this area, and if you have any questions, please contact:

Reuven Falik or **Paul Koppel**



Reuven Falik
Partner, New York

Email: reuven.falik@cliffordchance.com
Tel: +1 212 878 3286



Paul Koppel
Partner, New York

Email: paul.koppel@cliffordchance.com
Tel: +1 212 878 8269

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

cliffordchance.com

Clifford Chance, Two Manhattan West, 375 9th Avenue, New York, NY 10001, USA

© Clifford Chance 2026

Clifford Chance US LLP

Abu Dhabi • Amsterdam • Barcelona • Beijing • Brussels • Bucharest** • Casablanca • Delhi • Dubai • Düsseldorf • Frankfurt • Hong Kong • Houston • Hyderabad • Istanbul • London • Luxembourg • Madrid • Milan • Munich • Newcastle • New York • Paris • Perth • Prague** • Riyadh* • Rome • São Paulo • Shanghai • Singapore • Sydney • Tokyo • Warsaw • Washington, DC

*AS&H Clifford Chance, a joint venture entered into by Clifford Chance LLP.

**Clifford Chance has entered into association agreements with Clifford Chance Prague Association SRO in Prague and Clifford Chance Badea SPRL in Bucharest.