

Exchanges Extend Clawback Policy Deadline to December 1

WRITTEN BY

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Last week, each of the major stock exchanges filed proposed changes to their listing rules governing the adoption of “clawback” policies that will require listed companies to recover erroneously awarded compensation paid to executive officers in the event of a financial statement restatement. The SEC approved these rule changes (including those of the [NYSE](#), [Nasdaq](#) and [NYSE American](#)) on an accelerated basis on Friday, June 9, 2023. The effect of these changes is to make the effective date of the rules October 2, 2023, giving listed companies until 60 days later, or December 1, 2023, to adopt compliant policies.

We had [previously noted](#) that, although the SEC’s final rule had initially suggested that listed companies would have until as late as January 2024 to adopt a clawback policy, a combination of the March 2023 Federal Register publication date of the proposed stock exchange rules and the Exchange Act provisions that impose time limits on the SEC’s review of such rules had created a situation where, without further amendment, listed companies would have been faced with an early August deadline for adopting their policies. These new changes will provide some relief to companies that were working on putting compliant clawback policies in place this summer.

Under the revised rules, companies will be required to

- adopt a policy governing the recovery of erroneously awarded compensation by December 1, 2023;
- comply with that recovery policy for all incentive-based compensation received (as defined in the rules) on or after October 2, 2023;
- provide the disclosures required by SEC and exchange rules on or after October 2, 2023.

If you have questions about the new listing standards, please contact your regular Locke Lord contact or any of the authors.

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