

# SEC Updates Clawback Rule Timing

## WRITTEN BY

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Recent updates from the Securities and Exchange Commission (SEC) make it likely that companies will need to finalize clawback policies compliant with the Dodd-Frank Act by early August 2023.

On April 24, the SEC notified [Nasdaq](#) and the [New York Stock Exchange](#) that it intends to approve, disapprove, or institute proceedings related to the exchanges' proposed clawback listing standards by June 11. Once the SEC approves the listing standards, companies will have 60 days to adopt policies that comply with the clawback rules. If approved on June 11, companies will need to adopt compliant clawback policies by August 10.

## ***Background and Timeline***

In 2022, the SEC released long-awaited clawback rules under the Dodd-Frank Act. The below timeline highlights key dates related to the clawback requirements.

**July 2010:** Congress passes the Dodd-Frank Act, directing the SEC to implement rules under which the exchanges must prohibit the listing of companies that don't adopt, comply with, and disclose a clawback policy.

**October 2021:** SEC reopens comment period for proposed clawback rules.

**October 2022:** SEC adopts final clawback rules.

**February 2023:** NYSE/NASDAQ file proposed clawback listing standards.

**June 11, 2023:** Deadline for SEC to approve or disapprove the proposed listing standards, unless further delayed.

**July 2015:** SEC publishes proposed clawback rules.

**June 2022:** SEC again reopens comment period for proposed clawback rules.

**November 2022:** Clawback rules published in *Federal Register*.

**April 2023:** SEC notifies the exchanges of its intent to take action on their proposed listing standards by June 11, 2023.

**August 10, 2023:** Projected deadline for companies to adopt compliant policies.

### ***Summer lovin', happened so fast***

Under the SEC's final rules, the exchanges' listing standards must go into effect no later than one year after the *Federal Register* publishes the clawback rules, or November 28, 2023. We participated in a [multi-law-firm comment letter](#), requesting the SEC approve listing standards no earlier than November 28 to give companies until early 2024 (60 days from the approval date) to put compliant policies into place. However, there has not been any indication that the SEC intends to wait until November to approve the proposed listing standards. Accordingly, absent further developments, we expect that listed companies will need to implement compliant clawback policies by August 10.

### ***Summer lovin', had me a clawback***

Given the anticipated compliance deadline, companies should engage now in active discourse about their clawback policies. Discussion of the new requirements and a roadmap for next steps should be an agenda item at upcoming compensation committee meetings. In addition, compensation committees (and boards, if applicable) should be prepared to formally approve compliant clawback policies during the 60-day window following SEC approval of the exchange listing standards.

### ***Tell me more, tell me more***

To learn more, please tune in to our complimentary May 30 CLE on “[Clawback Policies: What to Do Now](#).” (No more *Grease* puns during the CLE, we promise!) For more information on the Dodd-Frank clawback requirements, you can also read our [prior client alert](#).

To discuss your company's clawback policies, please reach out to any of the authors listed above or your regular Troutman Pepper contacts.

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