



## A Dodd-Frank Timetable of Reforms

**The SEC's newly released schedule for implementing financial reforms runs through next July.**

The Securities and Exchange Commission's newly released schedule for instituting the multiple reforms of the Dodd-Frank Wall Street Reform and Consumer Protection Act starts this month with interpretive guidance for standards governing audits of brokers and dealers. Then from October through year-end, things get frantic fast.

Among the many hot-button issues to be considered between October and December: proposals for rules governing shareholder "say on pay" votes, and other compensation-related matters, including new listing standards for compensation-committee independence. Other closely watched discussions in the tentative timetable involve the SEC's first regulation of the over-the-counter derivatives market, and proposed rules for disclosing consultant conflicts. Enforcement topics include establishing a Whistleblower Office, proposing whistle-blower incentives and protection rules, and making a report to Congress on progress in the whistle-blowing program.

If the normal 30-day comment period applies to the Dodd-Frank reforms — signed into law by President Obama on July 21 — draft rules for say-on-pay and other compensation matters could be out by mid-November. The SEC says, however, that it doesn't plan to adopt final rules on compensation committees and consultants until at least next April.

For the most part, the SEC's timetable envisions study of the many proposed rules through December, with either reports to Congress or adoption of the proposed measures slated for the months thereafter, through July 2011.

In its October-to-December planning, the SEC lists 50 separate topics, starting with establishment of a new Office of Women and Minority Inclusion. In the derivatives arena, part of Dodd-Frank's Title VII would move the SEC toward standard-setting to prevent fraud in securities-based swap agreements, such as credit default swaps. Also, a number of new rules will be considered to tighten requirements on nationally recognized statistical rating organizations and to increase enforcement relating to NRSROs. Among the other topics: avoiding conflicts of interest in asset-backed-securities transactions and requiring new disclosure requirements for ABS issuers.

Dodd-Frank governance provisions to be discussed include requiring shareholder advisory votes on executive compensation and golden parachutes, and calling for corporate disclosure of potential consultant conflicts, along with pay-for-performance and pay ratios, and any company-stock-hedging activities involving directors and employees.

In some governance-issue cases, the SEC intends the new Dodd-Frank provisions to apply to proxy materials and voting records prepared for annual meetings after January 20, 2011, which is six months after enactment of the bill.

The SEC timetable includes a host of measures for banks and other financial institutions, such as imposition of new capital requirements. CFOs of nonfinancial companies will be watching these proceedings closely for signs that costs will be passed along to them.

The last issue listed under the SEC's Dodd-Frank October-to-December agenda involves a request for public comment on proposed cost reductions for smaller companies (market capitalization between \$75 million and \$250 million) in complying with Section 404(b) of the Sarbanes-Oxley Act of 2002, which calls for an auditor's opinion on internal controls.

In addition to the promise of new regulations, Dodd-Frank requires federal agencies to draft 533 new rules, conduct 60 studies, and produce 93 reports in the next four years.

**Roy Harris - CFO.com**