

PUBLIC COMPANY ADVISORY

SEC Rule on Disclosure about Risk, Compensation and Corporate Governance

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Our SEC Team

Dear clients and friends:



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The Securities and Exchange Commission on December 16 issued a **final rule** that requires public companies to provide additional information about compensation, risk and corporate governance in their proxy statements and other financial reports.

The rule will be effective February 28, 2010 for proxy statements, annual reports, information reports and registration statements.

The rule's focus is to better facilitate shareholders in evaluating the leadership of public companies through added disclosure. Required disclosures include:

- The relationship of a company's compensation policies and practices to risk management.
- The background and qualifications of directors and nominees.
- Legal actions involving a company's executive officers, directors and nominees.
- Board leadership structure and the board's role in risk oversight.
- The disclosure of shareholder vote results within four business days after the end of the meeting at which the vote was held. Previously, such results were disclosed on Forms 10-K and 10-Q.

The compensation policies and practices disclosures of the rule do not apply to smaller reporting companies. Those companies have public floats of less than \$75 million or, if their stocks have no determinable public float, revenue less than \$50 million in the previous year.

In a December 16 **news release**, SEC Chairman Mary L. Schapiro said: "By adopting these rules, we will improve the disclosure around risk, compensation, and corporate governance, thereby increasing accountability and directly benefiting investors."

If you would like additional information on the SEC rule for enhanced disclosure about risk, compensation and corporate governance do not hesitate to contact us at (305) 373-5500.

Sincerely,



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