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Jay Clayton Confirmed as SEC Chair

President Trump's nominee for Chair of the Securities and Exchange Commission (SEC), Jay Clayton, has been confirmed by the Senate.

Jay Clayton, a Wall Street securities attorney, will be sworn in this week as the Chair of the SEC. The Senate confirmed Mr. Clayton's nomination on May 2, 2017. After Mr. Clayton is sworn in, the SEC will have three sitting Commissioners and two vacant seats. President Trump has not yet submitted to the Senate nominees for these vacancies.

Three sitting commissioners constitutes a quorum under SEC rules. Therefore, the SEC could conduct normal business, including the adoption of proposed and final rules. However, Democratic Commissioner, Kara Stein, can deprive the SEC of a quorum by being absent when rules are up for a vote. Until three sitting Commissioners are Republicans, SEC action on controversial items (such as open Dodd-Frank mandates) likely will remain stalled.

However, through public statements, Mr. Clayton may provide clues as to the future direction of the SEC on outstanding Commission matters, such as the potential delay in the effective date of the CEO pay ratio and on the disposition of the three outstanding proposed rules under Dodd-Frank concerning executive compensation and corporate governance matters (i.e., mandatory clawback rule and disclosure requirements on pay for performance and hedging policy).

We will monitor for, and report on, any further developments at the SEC on these matters.

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The **Client Update** is prepared by Meridian Compensation Partners' Technical Team led by Donald Kalfen. Questions regarding this Client Update or executive compensation technical issues may be directed to Donald Kalfen at 847-235-3605 or dkalfen@meridiancp.com.

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