

Client Alert: SEC Issues Guidance on Perquisite and Personal Benefits Disclosure in Response to COVID-19

Publications

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On September 21, 2020, the SEC's Division of Corporation Finance issued updated guidance on whether certain perquisites, or perks, provided to executive officers as a result of the ongoing pandemic are required to be considered "all other compensation" and potentially disclosed in the company's proxy statement. As companies have shifted to remote working arrangements due to COVID-19, public companies considered whether the provision of certain perks to their executives required for working from home would be considered "all other compensation" under Item 402(c)(2)(ix)(A) of Regulation S-K.

C&DI Question 219.05 confirms that companies should use the traditional two-step analysis set out in Release 33-8732A for determining whether a perk is considered as "all other compensation". Under this analysis, a public company must consider whether the benefit is "integrally and directly related to the performance of the executive's duties" or "generally available on a nondiscriminatory basis to all employees."

Most importantly, the SEC noted in C&DI Question 219.05 that what is "integrally and directly related" to an executive officer's duties may be different during the COVID-19 pandemic as compared to past years.

To read the full article and the outlined 3 Actions for Consideration, [click here](#).

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