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**SEC PROPOSES RULES ON DISCLOSURE OF EMPLOYEE AND DIRECTOR  
HEDGING POLICIES**

FEBRUARY 2015

**February 2015 Client Alert**

On February 9, 2015, the Securities and Exchange Commission proposed rule amendments to require annual meeting proxy statement disclosure of policies permitting or prohibiting hedging of company securities by employees (including officers) and directors. The proposed rules do not, however, require companies to prohibit hedging transactions or adopt policies addressing hedging. The rule's purpose is to provide transparency to shareholders in the context of director elections regarding whether employees and directors are permitted to engage in transactions that mitigate the long-term incentive alignment associated with employee and director equity ownership. Companies should consider these proposed disclosure requirements when assessing corporate governance controls and procedures, as this proposed rule may heighten scrutiny of hedging policies this proxy season, and if implemented, will create additional disclosure requirements going forward. Read the Client Alert [here](#).

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