



February 22, 2016

Pay Ratio Disclosure Rule

On August 5, 2015, the U.S. Securities and Exchange Commission (SEC) adopted final rules to amend Item 402 of Regulation S-K under the *Securities Act of 1933*, as amended, to require most SEC-registered U.S. companies to disclose the ratio of the compensation of their chief executive officer (or any equivalent position) to the median compensation of their other employees. Foreign private issuers, Canadian multijurisdictional disclosure system (MJDS) filers, smaller reporting companies and emerging growth companies are exempt from providing pay ratio disclosure.

All other domestic registrants are required to disclose the following: (i) the annual total compensation of the chief executive officer; (ii) the median of the annual total compensation of all other employees, which is calculated by identifying a registrant's "median employee"; and (iii) the ratio of the figures in (i) and (ii) expressed either as a ratio in which the median compensation of all other employees equals one or, narratively, as the multiple that the chief executive officer compensation bears to the median compensation of all other employees.

Subject to certain exemptions provided in the rule, all employees of a registrant and its consolidated subsidiaries worldwide must be taken into account in calculating the median compensation of all other employees, including part-time, seasonal and temporary employees.

Pay ratio disclosure is required in annual reports on Form 10-K, registration statements (other than registration statements on Form S-1 or Form S-11 for an initial public offering and registration statements on Form 10) and proxy and information statements. A registrant must provide pay ratio disclosure for a completed fiscal year upon the filing of an annual report on Form 10-K for that fiscal year or the filing of a definitive proxy or information statement for the next annual shareholders' meeting, whichever is later. In any event, however, the pay ratio disclosure must be provided within 120 days of the end of that fiscal year.

Registrants must commence providing pay ratio disclosure for their first fiscal year beginning on or after January 1, 2017. A new registrant's first pay ratio disclosure must be provided for the first fiscal year beginning after the registrant (i) has been subject to the requirements of sections 13(a) or 15(d) of the *Securities Exchange Act of 1934*, as amended (Exchange Act), for a period of at least 12 calendar months commencing on or after January 1, 2017; and (ii) has filed at least one annual report under section 13(a) or 15(d) of the Exchange Act that does not contain the pay ratio disclosure.

If you have any questions regarding the foregoing, please contact [Jeffrey Nadler](mailto:Jeffrey.Nadler@dwpv.com) (212.588.5505) or [Nir Servatka](mailto:Nir.Servatka@dwpv.com) (212.588.5579) in our New York office.

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