

Obama move adds to momentum for say on pay

Feb 06, 2009

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Still some wariness about blunt advisory votes

President Obama's new curbs on executive pay, benefits and perks apply narrowly to banks receiving future bailout funds, but observers see the restrictions having wider effect for all companies.

Even absent legislation, giving shareholders an advisory vote on executive compensation is likely to be a consideration for all boards. 'In the environment before the collapse, the momentum was already there for say on pay,' says Lynn Joy, a senior consultant at Exequity, which advises boards and management on compensation issues. 'This gives it even more.'

In an open letter, Timothy Smith, senior vice president with Walden Asset Management, says he sees firms embracing the practice. 'It seems clear that the advisory vote increasingly fills the space of a moderate, reasonable response to the executive compensation issue and is not the fringe proposal it was perceived to be two or three years ago,' he writes. 'Other reforms like clawbacks, golden parachutes, golden coffins, even salary caps, are now front and center in the compensation debate.'

Joy, though, is a bit wary of simple up-or-down votes on compensation, and argues that shareholders may need 'a range of expression' more than yes or no. That could be accomplished with more refined and specific proxy proposals. 'Shareholder voting is not taking advantage of where technology is,' she says. 'Why not let shareholders vote on several aspects of the pay package?'

By [Anna Snider](#)

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