Business Roundtable

300 New Jersey Avenue, NW
Suite 800
Washington, DC 20001

Telephone 202.872.1260
Facsimile 202.466.3509
Website brt.org

December 2, 2013

The Honorable Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Secretary Murphy:

Re: File Number S7-07-13
Proposed Rules for Implementing the Pay Ratio Disclosure Provision of Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act

This letter is submitted on behalf of Business Roundtable, an association of the chief executive officers of leading U.S. companies. Our member companies produce $7.4 trillion in annual revenues and employ more than 16 million employees worldwide. Roundtable companies comprise more than a third of the total value of the U.S. stock market, and annually pay more than $200 billion in dividends to shareholders, generate more than $540 billion in sales for small and medium-sized businesses, and invest $158 billion in research and development. Our members also give more than $9 billion a year in combined charitable contributions, representing more than 60 percent of total corporate giving.

We appreciate the opportunity to comment on the rules proposed by the U.S. Securities and Exchange Commission (SEC or Commission) to implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), as set forth in the Commission's accompanying proposing release. Due to our significant concerns about the unnecessary costs and burdens imposed by these proposed rules, we provide general comments below and submit more detailed comments in an attachment to this letter.

As an initial matter, we do not believe that the proposed pay ratio rules will provide investors with useful or accurate information. The federal securities laws are intended to provide disclosure to investors to enable them to make informed investment and voting decisions, and the usefulness of all disclosure is jeopardized when any required disclosure wanders from this purpose. The disclosures required by the proposed pay ratio rules will depend on issues having nothing to do with a company's performance, as the Commission acknowledges in the proposing release. Moreover, the proposed disclosure will exacerbate the growing length of required disclosures that make it difficult for investors to identify the material information that is relevant to their investment and voting decisions. While this problem is most acute for retail investors, institutional investors also face the problem of digesting increasingly lengthy and detailed proxy statements.

Section 953(b) of the Dodd-Frank Act directs the SEC to amend Item 402 of Regulation S-K to require issuers to disclose the annual total compensation of their median employee and chief executive officer and the ratio of the two amounts. The rules proposed by the Commission on September 18, 2013 would require each registrant subject to the rules to identify its median employee on a global basis among those employed by the registrant or any of its subsidiaries, and then calculate that median employee's total annual compensation in accordance with Item 402(c)(2)(x) of Regulation S-K. While we appreciate the Commission's efforts to attempt to make it feasible for companies to comply with Section 953(b), we believe that revisions in the proposal are necessary to make compliance possible on a cost-effective basis. Our recommendations are designed to achieve this goal while satisfying Section 953(b) of the Dodd-Frank Act.

First and most significantly, if compliance is to be achieved on a cost-effective basis, the employees included in the identification of the median should be limited to U.S. employees. Our member companies have employees in over 75 countries and some have over 100 payroll systems. In order to identify a global median employee, companies will have to incur significant expense, including employee time and external advisor fees, as they seek to aggregate compensation data from incompatible systems and comply with foreign data privacy laws. Moreover, many foreign countries use unique methods of compensating their employees, such as profit-sharing arrangements and allowances for housing, transportation or family care. The proposed rules require non-U.S. employees to be included in the identification of the median employee, but prohibit adjustments to reflect non-U.S. approaches to compensation in the calculation of the median employee's total annual compensation. For example, under the proposed rules, government-provided benefits are not permitted to be included, while in many countries outside the U.S., this is the prevalent practice. We are concerned that this and other important subtleties will be lost as companies struggle to force non-U.S. pay into the framework of Item 402.

Second, in order to avoid unnecessary costs and burdens, only those employed by the registrant and its consolidated subsidiaries, rather than all subsidiaries, should be included for purposes of identifying the median employee. Companies are substantially less likely to be able to gather the necessary information from their unconsolidated subsidiaries. Moreover, limiting the rules to cover employees of the registrant and its consolidated subsidiaries is consistent with the guidance provided by the SEC staff under the conflict minerals rule, another rule mandated by the Dodd-Frank Act.

Third, in order to provide investors with information that better represents registrants' internal compensation practices, we recommend that the final rules permit registrants to annualize and or otherwise appropriately adjust the compensation of part-time, seasonal and temporary employees. We believe that the approach of the proposed rules, which would prohibit registrants from annualizing or adjusting the compensation of these employees, will skew the ratios of registrants that depend on large populations of these employees at the end of the year.

Fourth, additional time is necessary each year in order for companies to be able to gather the information needed to comply with the pay ratio rules. Accordingly, we recommend that companies be permitted to use pay data from the fiscal year prior to the most recent fiscal year both to identify the median employee and calculate his or her compensation as well as the compensation of the Chief Executive Officer. The burden on company personnel during the first three months of each fiscal year is already significant due to year-end closing financial statements. In addition, companies frequently do not have final compensation data for employees until after the end of the applicable fiscal year. Similarly, a transition is necessary in the case of acquisitions as the Commission provides for in several of its other rules.

Fifth, companies will need additional time following the effective date of the final rules in order to implement the rules for the first time. Among other things, they will have to develop processes and systems to implement the rules (which are unlikely to have other uses), train personnel, and retain advisors and experts. We suggest that registrants have at least two full years to implement the rules after the final rules become effective.

Finally, but importantly, the proposed rules should not require that the pay ratio information be "filed" with the Commission; instead it should be "furnished." This is both necessary and supported by SEC precedent. Given the amount of data necessary to be considered and the significant number of estimates, assumptions and judgment calls necessary to produce the ratio, we believe it will be impossible for chief executive officers and chief financial officers to verify the information sufficiently in order to be able to make the certification the proposed rules would require. This is especially the case if the Commission determines to include non-U.S. employees in the final rules. We note that, with respect to certain other disclosures, the SEC has provided for "furnished" status where "filing" the disclosures in question would have imposed undue liability.

In conclusion, while we appreciate the Commission's attempt to make it possible for companies to comply with Section 953(b) in a cost-effective manner, changes are necessary in order to prevent the disclosures required by the proposed rules from being prohibitively costly and burdensome to prepare.

Thank you for considering our comments. We would be happy to discuss our concerns or any other matters that you believe would be helpful. Please contact Michael J. Ryan, Jr. of Business Roundtable at (202) 496-3275.

Sincerely,

Alexander M. Cutler

Alexander M. Cutler
Chairman and Chief Executive Officer
Eaton
Chair, Corporate Governance Committee
Business Roundtable

SC/mr

C: The Honorable Mary Jo White, Chairman
The Honorable Luis A. Aguilar, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
The Honorable Michael S. Piwowar, Commissioner
The Honorable Kara M. Stein, Commissioner
Mr. Keith F. Higgins, Director, Division of Corporate Finance
Ms. Anne K. Small, General Counsel and Senior Policy Director

Detailed Comments
of
Business Roundtable
on
the Proposed Pay Ratio Rules
of the
U.S. Securities and Exchange Commission

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DETAILED COMMENTS OF BUSINESS ROUNDATBLE ON THE PROPOSED PAY RATIO DISCLOSURE RULES

These comments by Business Roundtable on the SEC's proposed pay ratio disclosure rules as set forth in the Commission's proposing release are divided into three sections. Section I discusses our recommendations with regard to the identification of the median employee. Section II discusses our recommendations with regard to the calculation of the total annual compensation of the median employee. Section III discusses our recommendations regarding the narrative disclosure, the disclosure's status and the effective date of compliance.

In order to provide the Commission with robust, data-driven comments, the Roundtable has held interviews with several of its member companies and has also cooperated with the HR Policy Association/Center on Executive Compensation and the Society of Corporate Secretaries & Governance Professionals in conducting a detailed survey (the "Survey") of their member companies. These detailed comments reflect the results of the interviews and the survey. Our comments refer to data on the 100 largest companies that responded to the Survey, as they most closely represent Roundtable companies. Among those Survey respondents (each, a "Survey Respondent"), 30% had annual revenue in the last fiscal year of $1 to $10 billion and 62% had annual revenue in the last fiscal year of more than $10 billion. Eight-five percent of Survey Respondents have 10,000 employees or more globally, and over 23% have more than 100,000 employees globally.

We also have attached appendices that provide examples of the types of compensation paid in non-U.S. countries (**Appendix 1**) and additional details on data privacy regulations in the European Union and examples of their operation (**Appendices 2** and **3**) and government-provided pensions outside of the U.S. (**Appendix 4**). To facilitate the Commission's review of our comments, the subheadings below reference the question numbers in the solicitation of comments in the proposing release.

While our members appreciate the Commission's efforts to attempt to make it feasible for registrants to comply with Section 953(b) of the Dodd-Frank Act, we believe that revisions in the proposed rules set forth below are necessary to make compliance possible on a cost-effective basis. In particular, for large multinational registrants attempting to determine their median employee, identifying unique pay elements in the compensation packages of non-U.S. employees and analyzing the compensation of their employees across multiple countries, each possibly using unique employee data systems, will be extremely time-consuming and compliance will not be feasible, or only at exorbitant cost. Our recommendations set forth below are designed to make compliance possible in a cost-effective manner while still meeting the objective of Section 953(b) of the Dodd-Frank Act.

I. Recommendations Regarding the Identification of the Median Employee

A. Limit Coverage to U.S. Employees

1. *Costs and Complexity Associated with the Inclusion of Non-U.S. Employees (Requests for Comment 7, 61 and 62)*

We recommend that the final rules limit covered employees to U.S. employees. The inclusion of non-U.S. employees will impose prohibitive costs on registrants, require them to navigate the complexities created by dozens of payroll systems and open the calculation of the ratio up to ambiguities and inaccuracies because of disparate forms of pay.[1] Moreover, we believe that the limitation of the rules to U.S. employees is consistent with objective of the statutory provision.[2]

The number one driver of compliance-related costs and complexity under the proposed rules is the inclusion of employees based in non-U.S. countries in the identification of the median employee. Among Survey Respondents, 51% estimated that, if the SEC were to limit the rule to the U.S. employees only, their compliance costs would decrease by more than 50% and another 30% estimated that their costs would decrease by up to 50%. As discussed in more detail below, the tremendous cost and complexity are caused by the sheer number of countries involved, the existence of unique non-U.S. types of pay and multiple data systems and the need to educate non-U.S. personnel. In addition, there are significant costs and potential barriers to compliance created by foreign data privacy laws, as discussed separately below. As also discussed separately below, the inclusion of all subsidiaries of the registrant exacerbates the costs and complexities of compliance.

Some Roundtable companies employ more than 100,000 workers across more than 75 countries around the world. Approximately half of the Survey Respondents (56%) maintain employees in 25 or more countries around the world and 34% of Survey Respondents employ workers in more than 50 countries globally. Each of these countries represents a unique jurisdiction with cultural traditions and regulations that govern how employees are compensated,[3] resulting in disparate approaches to compensation across the globe. Each country also represents a distinct combination of currencies and languages. Under the proposed rules, registrants would be required to navigate this overwhelming complexity in order to arrive at a median employee and calculate that one individual's total annual compensation.

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[1] We note that the Commission endeavors in the proposal to reduce some of the costs of compliance. In this regard, among Survey Respondents, 53% estimated that, if the SEC were to require registrants to calculate all of their employees' compensation using Item 402 of Regulation S-K in order to identify the median employee, compliance costs would increase by more than 100%, 21% estimated that their compliance costs would increase by more than 50% and 25% estimated that their compliance costs would increase by up to 50%. We estimate that similarly substantial cost savings would be achieved by limiting the rules to U.S. employees.

[2] In this regard, we note Federal statutes are subject to a presumption against extraterritoriality, pursuant to which a law is deemed not to have effect outside of the U.S. unless Congress has clearly expressed the intent for it to extend beyond U.S. jurisdiction, which it has not done here. See *Morrison v. Nat'l Australia Bank Ltd.*, 130 S. Ct. 2869 (2010); "when a statute gives no clear indication of an extraterritorial application, it has none."

[3] For examples of how employees are compensated in countries outside of the U.S., see Appendix 1.

The process of identifying the median employee for many registrants will involve aggregating pay data from systems that track different types of compensation over different time periods. This will require multinational registrants to reconcile software systems on a global basis, including updating technology where required. Among Survey Respondents, 47% indicated that they have 25 or more employee data systems (*e.g.*, payroll, benefits and pension, tax reporting, etc.) globally and 10% indicated that they have more than 100 employee data systems. Moreover, 32% of Survey Respondents stated that, in identifying the median employee, they will need to gather data from each country and another 10% indicated that they would narrow their selection down by eliminating high and low paid employees or targeting specific countries, and then gather data on that targeted basis. These Survey Respondents explained that they would not be comfortable using statistical sampling, frequently stating that a lack of centralized data makes the effectiveness of any sample uncertain and requires them to gather data country-by-country.

The types of compensation paid to employees in different countries can differ to such a degree that for most multinational registrants attempting to identify a single common element across more than 75 global locations will be very difficult.[4] For example, if a registrant decides to use base pay to identify the median employee, it must first determine what "base pay" includes in each country in which it employs works. In certain countries, "base pay" includes a concept of "guaranteed pay." "Guaranteed pay" is pay that employees are entitled to under local laws or customs or collective bargaining agreements, and includes items such as additional months' of pay and allowances for housing, transportation, education or the birth of a child. Profit-sharing payments are another type of pay that is included in the concept of "base pay" in some countries (for example, in Peru profit-sharing is statutorily mandated). While in the U.S. these items would be considered incentive pay or perquisites, in other countries these payments are included in the concept of base pay.

Particularly for large multinational registrants, statistical sampling is not a useful option. To use statistical sampling, registrants must, at a minimum, have a clear understanding of how their employees are grouped by pay on a global basis. This is rarely the case for multinational registrants operating in dozens of countries and with thousands of employees. Only 8% of Survey Respondents indicated that they intend to use statistical sampling globally to identify the median employee and another 6% indicated that they might use statistical sampling once a targeted subset of employees had been identified. Survey Respondents indicated that statistical sampling would be as expensive as other methods because the requirement that the resulting disclosure be filed (rather than furnished) will still require them to conduct an assessment of their entire employee population and gather data on a country-by-country basis in order to produce a verifiable, and certifiable, result.

Registrants also will have to incur the cost of educating non-U.S. pay managers on U.S. compensation regulations and train personnel to understand the methodology the registrant has selected to use in identifying the median employee. This is likely to be difficult in some countries due to cultural and language differences.

[4] Based on our analysis, in many countries pay packages are comprised of more than 10 elements in addition to wages and health and welfare benefits, examples of which are set forth on Appendix 1, and these elements differ from country to country.

Finally, we believe that the inclusion of non-U.S. employees will reduce the year-to-year comparability of a multinational registrant's pay ratio. Survey Respondents indicated that the median employee is likely to change substantially from year to year in large part because of the inclusion of unique non-U.S. pay elements. If non-U.S. employees are required to be included in the identification of the median employee elements such as government-provided pensions, which are not recognized by under Item 402 of Regulation S-K but are frequently part of the pay packages of non-U.S. employees, will reduce year-to-year comparability. For example, under the proposed rules, a registrant with a U.S. median employee would be permitted to include the incremental value of that employee's company-provide pension, but would not be permitted to include a similar adjustment for government-provided pension value for a non-U.S. median employee the following year.[5] In addition, the inability to compare a multinational registrant's ratio from year-to-year will be exacerbated by regular changes in business strategy, such as acquisitions and divestitures. As registrants conduct acquisitions and divestitures, their employee population will shift, and legacy compensation arrangements will alter the position of the median employee. Among Survey Respondents, 42% indicated that they expect having to update their pay ratio methodology every year because of changes to their business organization or structure. Similarly, year-to-year changes in currency exchange rates will distort the comparability of a multinational's pay ratio.

2. *Compliance with Data Privacy Laws (Requests for Comment 9, 10, 61 and 62)*

For many registrants with employees outside the U.S., the restrictions imposed by foreign data privacy laws and regulations will hinder their ability to collect and use compensation data to identify the median employee and will require the extensive involvement of foreign legal counsel.[6] While these regimes span the globe, currently the strictest is in the European Union ("EU"). The EU data protection regime is set out in *EU Directive 95/46/EC of the European Parliament and the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data* (the "EU Directive"), with which all EU Member states must comply and implement at the domestic level. The EU Directive protects individuals' rights to privacy with respect to the processing of their personal data and restricts the transfer of such personal data outside of the EU.

The EU Directive regulates the processing of personal data. The degree to which individual employees' compensation data is or is not "personal data" subject to the restrictions of the EU Directive will require entities seeking to comply to undertake careful analysis in each country that has implemented rules under the EU Directive and in which they have employees. There is currently a debate[7] about whether using anonymous information is an effective means of

[5] For more detail on the countries in which registrants make contributions on an individual basis and/or support government-provided pensions through their tax payments, see Appendix 4.

[6] Over 44% of Survey Respondents indicated that they expect to be prohibited or limited by non-U.S. data privacy laws in their efforts to access information necessary to identifying the median employee or calculating total annual compensation.

[7] The EU's Article 29 Working Party's opinion on the concept of personal data analyzes the main elements which make up the concept of personal data and adopts a wide interpretation, particularly on the question of when the

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preventing data from being personal data, and, even if anonymous information is used, analysis will be required. If compensation data is determined to be personal data, which we understand is likely, it will be subject to the restrictions of the EU Directive, since "processing" is defined broadly and will include the collation of payroll data in order to identify the median employee and calculate his or her total annual compensation.

Assuming individual employees have not provided unambiguous consent to the transfer of their personal data (which is unlikely among large employee populations), in order to transfer personal data to a country outside the European Economic Area ("EEA"), the transferring entity will need to see that the data is being transferred to a country that ensures an "adequate level of protection" for data under the EU Directive or undertake one of three costly options. Since the U.S. is not one of the countries considered by the European Commission to offer adequate protection,[8] entities seeking to transfer compensation data that is considered to be personal data to the U.S. will be prevented from doing so unless they undertake one of the three options, each of which will impose compliance costs.

First, certain entities can adhere to the Safe Harbor Principles agreed to between the European Commission and the U.S. government and file a self-certification with the U.S. Department of Commerce. Currently less than 3,000 companies in the U.S. have signed up to the Safe Harbor Principles. Furthermore, U.S. companies in certain sectors such as financial services, transport and telecommunications, are not eligible for self-certification. Finally, if an entity decides to take advantage of this option and files a self-certification, any subsequent failure to comply with the Safe Harbor Principles can result in enforcement proceedings by the U.S. Federal Trade Commission and direct action by any affected individuals in the U.S. courts.

Second, entities that cannot avail themselves of the Safe Harbor Principles can conduct an adequacy test to determine whether they have the requisite safeguards in place for transferring data. Such an "adequacy test" involves a careful analysis by the entity of the relevant safeguards including the nature of the personal data, the purpose and duration of the data gathering, the country of origin and country of final destination, the rules of law in force in the country of final destination and the professional rules and security measures which are complied with in that country.[9] Although the adequacy test is a self-assessment, stringent guidance is likely to be provided by individual countries; for example, the Information Commissioner (the UK regulator of data protection) has issued guidance which sets out very extensive criteria that it expects entities to use.[10]

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information relates to an individual. The opinion makes it clear that information may relate to an individual even if it does not focus on him or her.

[8] http://ec.europa.eu/justice/data-protection/document/international-transfers/adequacy/.

[9] Article 25(2).

[10] See, Information Commissioner's Office, Assessing Adequacy of International Data Transfers, available at www.ico.org.uk.

Third, entities can, for transfers between related parties, enter into an intra-group contractual arrangement (known as "Binding Corporate Rules") that has been approved by a national data protection authority,[11] or, for transfers between unrelated parties, adopt the model contract clauses authorized by the European Commission. It is unusual for entities to enter into Binding Corporate Rules because having to seek approval is a complex process and can take up to a year.

While the transfer of compensation data of EU employees is not impossible, detailed analysis of each step will be required, which will take time and contribute to the cost of compliance. First, companies and their counsel will have to determine whether the compensation data to be gathered is personal data, which seems likely in many circumstances. Second, companies and their counsel must determine if any of the options mentioned above are available and undertake the steps necessary to comply. Third, compliance will have to be monitored on an on-going basis. Each of these steps is likely to require the use of local counsel.

As an example of the process, set forth in **Appendix 2** are the steps U.S. companies operating in the United Kingdom would have to undertake to comply with both the pay ratio rules as proposed and the requirements of the EU Directive as implemented in the UK. Also attached in **Appendix 3** is a list of statutes in EU member countries that have implemented the EU Directive; for each of these countries, companies will be required to take steps similar to those identified for the UK in **Appendix 2**.

Finally, countries outside of the EU, including Japan and Singapore, either already have developed domestic data privacy regimes similar to the EU Directive or are in the process of doing so. Other countries where there has been a recent emergence of data privacy laws include Andorra, Argentina, Canada, Faeroe Islands, Guernsey, Isle of Man, Israel, Jersey, New Zealand, Switzerland, and Uruguay.

Accordingly, compliance with overseas data privacy laws will require multinational registrants to spend substantial time and incur significant expense as they seek to comply with the pay ratio rules. Moreover, 100% of Survey Respondents indicated that they had no reason, other than compliance with the pay ratio rules, to collect this type of global employee compensation information.

B. Limit Coverage to Those Employed by the Registrant and Its Consolidated Subsidiaries *(Requests for Comment 11, 12, 61 and 62)*

We recommend that the final rules limit covered employees to those employed by the registrant and its consolidated subsidiaries due to the costs and complexity that the inclusion of all subsidiaries will impose on registrants and the limited usefulness of such extended coverage.[12]

[11] The EU's Article 29 Working Party has provided guidance and recommendations on such Binding Corporate Rules.

[12] Approximately 38% of Survey Respondents to the Survey estimated that, if the final rules include all minority-owned subsidiaries and joint ventures, compliance costs would increase by up to 50% and 29% of Survey Respondents estimated that compliance costs would increase by more than 50%.

First, the Commission has justified the inclusion of all subsidiaries by reference to the inclusion of executive officers of subsidiaries in certain circumstances under 402(a) of Regulation S-K. We do not believe this warrants including employees of all subsidiaries in the pay ratio rules. The purpose of Item 402 of Regulation S-K traditionally has been the disclosure of the compensation awarded, earned or paid to a registrant's top executive officers. Such disclosure is intended to encompass the senior most managers of a registrant and thus employees of subsidiaries with policy making functions are potentially included. In this context, the inclusion of subsidiary executive officers in the determination of the named executive officers broadens the number of employees to be considered only slightly. In contrast, including all the employees of all a registrant's subsidiaries in the pay ratio rules broadens the rules substantially, effectively incorporating thousands of employees. In addition, other provisions of Regulation S-K include less than all of a registrant's subsidiaries. This is true of certain requirements under Item 101(a)(1) of Regulation S-K, which limit disclosure to the registrants' significant subsidiaries (which for many registrants will be an even shorter list than the list of consolidated subsidiaries). The pay ratio rules are more analogous to Item 101 of Regulation S-K, which pertains to a registrant's broader business practices, than they are to pay disclosure.

Second, in a recent context where broad application of a requirement to all subsidiaries would result in significant cost, the Commission staff limited a rule's applicability to consolidated subsidiaries. This was done in connection with another provision of the Dodd-Frank Act, that relating to conflict minerals, in which the staff of the Division of Corporation Finance issued guidance providing that a registrant must only consider itself and it consolidated subsidiaries under the conflict minerals rule.[13] We think that the same treatment is warranted here.

Third, the inclusion of all subsidiaries introduces significant ambiguity into the rule, because the determination of whether or not a registrant "controls" another entity is a facts and circumstances test, whereas the use of consolidated subsidiaries provides a clear delineation. "Consolidated subsidiary" is defined by general accepted accounting principles to mean a subsidiary more than 50% of whose outstanding voting securities are owned by the registrant.

Finally, the inclusion of nonconsolidated subsidiaries will be a significant driver of compliance costs and complexity, particularly if the Commission requires the inclusion of non-U.S. employees. Registrants are substantially less likely to data-share with their unconsolidated subsidiaries and establishing access to the compensation data of the employees of unconsolidated subsidiaries will contribute to the time company personnel and outside professionals devote to compliance with the pay ratio rules. Moreover, registrants are much less likely to have any influence over the compensation paid to employees of their non-consolidated subsidiaries. Accordingly the additional cost of including such subsidiaries is not warranted.

[13] See, Dodd-Frank Wall Street Reform and Consumer Protection Act, Frequently Asked Questions, May 20, 2013, Question 3.

C. Permit Median Employee to be Identified Using Prior Year Data *(Request for Comment 16)*

We recommend that the final rules permit registrants to use compensation data from the fiscal year prior to the most recently completed fiscal year to identify the median employee. Due to the difficulty of compiling the necessary information during a very busy time of year and the fact that some fiscal year compensation is paid in the following year, we believe that using the previous year's data will substantially reduce the cost of compliance while meeting the statutory objective.

First, as discussed above, unless the SEC limits the employees included in the rules to U.S. employees, registrants will have to overcome significant complexity on a global scale in order to identify their median employee. The burden on company personnel during the first three months of each fiscal year is already substantial due to year-end reporting. Compliance will impose additional burdens on the same personnel that are already at their busiest during this period. Permitting registrants to use prior year data to identify the median employee will enable registrants to have enough time to process and more accurately identify the median employee. Finally, as existing executive compensation rules already require three years of compensation data for the chief executive officer to be included in the Summary Compensation Table, the prior year's data will be included in the related filing.

Second, some of the data that will be required to identify median employee will be undeterminable for at least the first three months following the end of the most recently completed fiscal year. Survey Respondents indicated that certain pay elements are not determined until three to six months following the end of the most recently completed fiscal year. For example, in some countries, including the U.S., bonuses or profit-sharing payments for the prior year are not determined until several months after fiscal year end.

Finally, since the total annual compensation of the median employee will not likely be tied to corporate performance, using the previous year's information will not reduce any perceived benefit that the disclosure provides.

D. Permit Median Employee to be Identified As of Any Consistently Applied Date *(Requests for Comment 16, 17, 18 and 44)*

If the final rules do not permit registrants to use prior year data, we recommend that they permit registrants to identify the median employee as of any consistently applied date during the fiscal year, for example as of the end of the registrant's most recently completed second or third quarter. The ability to use any consistently applied date would at least provide registrants with a few additional months to compile the data necessary to compute the ratio. This approach could work similarly to how the proposed rules permit registrants to use consistently applied compensation measures, in that a company could choose and disclose any practical date and then would be required to briefly describe any future change to that date. This revised approach would be consistent with the approach taken by SEC rules in determining a registrant's status as a large accelerated filer, which looks to the registrant's public float as of the most recently completed second fiscal quarter to determine its status.[14]

II. Recommendations Regarding Calculation of Total Annual Compensation

A. Permit Registrants to Use Prior Year Data in Computing Total Annual Compensation *(Request for Comment 42)*

Similarly to our recommendation that the Commission permit registrants to use compensation data from the fiscal year prior to the most recently completed fiscal year to identify the median employee, we recommend that the final rules also permit registrants to use prior year data to calculate total annual compensation for the median employee and CEO. Among Survey Respondents, approximately 57% indicated that they anticipate the calculation of the pay ratio and development of the proxy disclosure to require 60 days or more, with 24% indicating that they expect it to take more than 90 days. Given that proxy statements frequently are filed in February or early March, the proposed timeframe does not give registrants adequate time to compute the ratio and process it through their internal and disclosure controls. Moreover, as indicated above, for many registrants, some of the data that will be required to calculate total annual compensation will be undeterminable for the first three months following the end of the most recently completed fiscal year.

B. Permit Adjustments for Non-U.S. Employee Compensation *(Request for Comment 33)*

If non-U.S. employees are included in the identification of the median employee, we recommend that registrants be permitted to include adjustments for country-specific non-U.S. types of compensation. As mentioned above, by including countries other than the U.S., unique compensation elements and approaches to compensation are introduced. As the Commission acknowledges in the proposing release, the inclusion of non-U.S. forms of compensation could create additional complexity for registrants calculating total annual compensation for a non-U.S. median employee.[15] In this regard, as discussed in more detail below, we are concerned that if revisions are not made, registrants will be forced to fit non-U.S. approaches to compensation into the framework of U.S. compensation disclosure, resulting in inaccurate or misleading information.

In many countries outside the U.S., employees receive pensions and healthcare from the government, rather than employer-provided plans. Under the pay ratio proposal, registrants would not be permitted to include these payments in their calculation of the median employee's total annual compensation. As set forth on **Appendix 4**, in many countries across the globe, government-provided pension benefits are supported by specific contributions that employers make to the government for the benefit of individual employees (similar to the contributions made in the U.S. for defined benefit plans or matches for defined contribution plans). We

[14] See, Rule 12b-2(2) and (3) of the Exchange Act.

[15] See, Pay Ratio Disclosure, Release Nos. 33-9452; 34-70443 (Sept. 18, 2013), pp. 54-57.

believe that contributions that are made to a government for the benefit of individual employees' pensions should be included in the calculation of the median employee's total annual compensation.

As an alternative to our recommendation above, if non-U.S. employees are included in the final rule, the Commission could permit registrants to use the next-below median U.S. employee's compensation in determining the total annual compensation of the median employee. This option would require registrants to include non-U.S. employees in the identification of the median employee, but would permit registrants to "replace" a non-U.S. median employee with the next employee below the median who is based in the U.S. While this approach would still require registrants to incur the significant expenses associated with identifying a median employee globally, including consideration of foreign data privacy issues, it would at least avoid the issues discussed above that are associated with trying to use foreign compensation data to calculate total annual compensation under Item 402(c)(2)(x) of Regulation S-K.

C. Permit Adjustments for Part-time, Seasonal and Temporary Employees *(Request for Comment 24)*[16]

We recommend that the final rules permit registrants to annualize or otherwise adjust (*e.g.*, on a 40 hour work week basis) the compensation of part-time, seasonal and temporary employees so that disclosure may more accurately reflect registrants' internal pay policies. The proposed rules permit annualization for permanent employees but prohibit annualization or other adjustments for part-time, temporary or seasonal employees. For 13% of Survey Respondents, 25% or more of their employee population is part-time, seasonal or temporary. The proposed rule would permit these registrants to annualize the compensation of a permanent employee hired during the applicable fiscal year, even if he or she was hired on the last day of the fiscal year, but prohibit annualization of an employee who has worked for the registrant for the majority of the year if that employee is considered "temporary." We believe that this approach will skew the ratios of registrants that depend on large populations of part-time, seasonal or temporary employees and think investors would be provided with information that better represents a registrant's internal compensation practices if annualization and other adjustments are permitted.

III. Recommendations Regarding Narrative Disclosure, Filing Status and Date of Compliance

A. Narrative Disclosure Should be Limited to a High-Level Discussion *(Requests for Comment 38, 40 and 41)*

We recommend that the final rules limit the required narrative disclosure to a high-level description of the registrant's chosen methodology. The proposed rules would require registrants to disclose a description of their chosen methodology for identifying the median employee together with any material assumptions, adjustment or estimates used to identify the median

[16] Among Survey Respondents, 57% estimated that, if the SEC were to limit the pay ratio calculation to full-time, permanent employees, compliance costs would decrease by up to 50% and another 8% estimated that costs would decrease by more than 50%.

employee or to determine his or her total annual compensation (including the identification of any estimated amount). The proposing release states that the narrative needs to provide readers with sufficient information to evaluate the appropriateness of the estimates. While the Commission states that only a brief overview will be required, we are concerned that the narrative disclosure required by the proposed rules will not, in fact, be brief. Given that large multinational registrants are likely to need to use many estimates and assumptions to identify the median employee on a global basis and calculate his or her total annual compensation, we think that the required disclosure is likely to be detailed, complex and lengthy. The results of the Survey bear this out.

Among Survey Respondents, 62% indicated that their narrative disclosure will be more than a paragraph and up to a page in length and another 4% indicated that they expect their narrative disclosure to be more than a page. Forty percent of Survey Respondents anticipate feeling compelled to provide more than the proposed "brief" disclosure in order to explain how they arrived at their ratio. Many also indicated that they anticipate feeling the need to describe the nature and structure of their business, and/or details regarding their employee population. Finally, Survey Respondents stated that they expect these disclosures to grow over time. This is made even more likely given the increase in litigation in recent years concerning executive compensation proxy disclosure.[17]

Disclosure requirements have grown, particularly over the past 10 years, to include increasingly more specific and detailed information and the growing length of disclosure will make it increasingly more difficult for investors to search out the information that is both relevant and material.[18] We believe the pay ratio rules will only add to this problem. When asked whether one of their companies 10 largest investors has ever inquired about their company's ratio of chief executive officer pay to overall employee pay, 100% of Survey Respondents said "no." Therefore, based on our information, the pay ratio disclosure is not a disclosure that many investors are actively requesting, and we would recommend that the narrative be limited so that it does not further exacerbate the problem of information overload.

B. Provide that the Pay Ratio Disclosure is "Furnished" Rather Than "Filed" *(Requests for Comment 50 and 51)*

We recommend that the final rules provide that the proposed pay ratio disclosure is "furnished" rather than "filed." Disclosure that is "filed" in an annual or quarterly report is subject to the certifications of a registrant's chief executive officer and chief financial officer under Section 302 of the Sarbanes-Oxley Act of 2002 ("Section 302"), as set forth in Rules 13a-14 and 15d-14

[17] See, David A. Katz and Laura McIntosh, "Be Prepared for the New Wave of Proxy Disclosure Litigation," New York Law Journal (Jan. 24, 2013).

[18] See, Commission Chair White's October 15, 2013 speech "The Path Forward on Disclosure" at the National Association of Corporate Directors – Leadership Conference 2013 in National Harbor, Md., stating, "[w]hen disclosure gets to be "too much" or strays from its core purpose, it could lead to what some have called "information overload" – a phenomenon in which ever-increasing amounts of disclosure make it difficult for an investor to wade through the volume of information she receives to ferret out the information that is most relevant."

to the Exchange Act.[19] In light of the complexity associated with the determination of the median employee on a global basis and the calculation of the median employee's total compensation, as well as the estimates and assumptions that will be a necessary component of these calculations, we do not think it will be feasible on a cost-effective basis for such information to be sufficiently verified so as to permit chief executive officers and chief financial officers to make the Section 302 certifications, particularly if non-U.S. employees are included in the identification of the median employee. Precedent in other Commission rules provides support for the application of "furnished" status to the pay ratio rules disclosure, as described in more detail below.

1. *The Estimates and Assumptions Required to Calculate the Pay Ratio, and Difficulty of Obtaining the Data for Such Calculations, Necessitate "Furnished" Status*

While we appreciate the Commission's efforts to make compliance feasible by permitting the use of reasonable estimates and assumptions, we respectfully maintain that the verification of the information gathered using these means will be difficult and extremely costly. For multinational registrants or those with a complex organizational structure, identifying the median employee across dozens of countries could easily involve a tremendous amount of data and require many judgment calls. As discussed above, multinational registrants are likely to have multiple payroll and other employee data systems, many of which are not compatible and do not track the same types of data. These incompatible, and at times incomplete, systems will make it difficult for registrants to access complete compensation information. In addition, other compensation data that is maintained by third parties overseas may be less reliable or verifiable. Finally, the existence of data privacy laws and regulations in foreign jurisdictions will also make it challenging for registrants to access complete compensation data.

Under Section 302, a registrant's chief executive officer and chief financial officer must certify as to the accuracy of the information contained in its annual and quarterly reports, and as to the design of the registrant's internal controls over financial reporting and the design and effectiveness of the registrant's disclosure controls and procedures. It will not be feasible on a cost-effective basis to verify some of the compensation data used to create the pay ratio disclosure. Thirty-four percent of Survey Respondents indicated that the pay ratio disclosure's status as "filed" is likely to have an impact on their willingness to use the flexibility provided by the Commission in the proposed rules (*e.g.*, deciding to determine the median employee using a consistently applied compensation measure). Survey Respondents explained that, especially for employee compensation data outside the U.S., it will be not be possible to verify the underlying data with their normal rigor.

Accordingly, we respectfully disagree with the Commission's suggestion that the flexibility afforded by the proposed rules in connection with identifying the median employee should alleviate registrants' concerns regarding the difficulties associated with verify the data collected

[19] "Filed" (but not "furnished") disclosure is also subject to the liability provisions of Section 18 of the Exchange Act and, to the extent such disclosure is incorporated by reference in a Securities Act filing, Sections 11 and 12(a)(2) of the Securities Act and, to the extent applicable, Rule 14a-9 of the Exchange Act. "Furnished" information remains subject to Section 10(b) and Rule 10b-5 under the Exchange Act.

by others, particularly overseas. On the contrary, the flexibility provided by the proposed rules, while necessary to make compliance possible, makes verification of compensation data, particularly non-U.S. data, to the level necessary for certification not possible on a cost-effective basis.

Finally, we also respectfully disagree with the Commission's conclusion that the disclosure is required to be "filed" for the purposes of the Exchange Act because the statutory provision uses the word "filing." Filings with the SEC frequently contain information that is actually "furnished" under the Exchange Act, such as Items 2.02 and 7.01 under Form 8-K, which are "furnished" unless the registrant specifically states that the information is to be considered "filed" under the Exchange Act or incorporates it by reference into a filing under the Securities Act or the Exchange Act.[20]

2. *Rulemaking Precedent Supports the Adoption of "Furnished" Status*

In adopting other disclosure rules, the Commission has determined that certain disclosures should have "furnished" status in situations where "filing" the disclosures in question would have created an unnecessarily high liability risk for registrants. In 1992, for example, the Commission adopted rules requiring the inclusion of a stock performance graph showing a registrant's five-year total return compared to a broad-market index, as well as an industry index or a registrant-generated peer index. The Commission determined that this graph would not be deemed "filed" for purposes of Section 18 of the Exchange Act so that "issuers [would] not be subjected to litigation concerning their selection of a peer company or industry index for inclusion in the Performance Graph, since no single other company or industry index will be perfectly comparable to a given issuer."[21] Recognizing that the creation of the performance graph—much like the pay ratio disclosure—would require registrants to make subjective decisions regarding the proper calculation and application of data, the Commission provided registrants with a measure of protection from liability for these judgment calls. In the current instance, requiring that the pay ratio disclosure be "filed" will similarly subject registrants to liabilities for disclosures that necessitate estimations, assumptions and judgment calls. Permitting the pay ratio disclosure to be "furnished" will reduce the level of liability while not completely immunize registrants and their chief executive officers and chief financial officers from liability for pay ratio disclosures, as the antifraud provisions of Section 10(b) and Rule 10b-5 under the Exchange Act will still be applicable.

Finally, we note that the Commission's recent decision to require the "filing" of the new conflict minerals disclosure does not provide an analogous precedent. The Commission determined that the conflicts minerals disclosure should be provided in a new form, Form SD, rather than in registrants' periodic reports subject to Section 302 certification requirements. The provision of the disclosure on a separate form, the Commission noted, "should alleviate some commentators' concerns about the disclosure being subject to the [Section 302] officer certifications."[22] For this

[20] See Form 8-K, General Instruction B.2.

[21] Executive Compensation Disclosure, Release No. 33-6962 (Oct. 16, 1992).

[22] Conflicts Minerals, Release No. 34-67716 (Nov. 13, 2012).

same reason, we believe the Commission should provide that the pay ratio disclosure is "furnished" rather than "filed."

C. Provide Registrants with Adequate Transition Periods *(Requests for Comment 52,54 and 64)*

In light of the complex and time-consuming steps registrants will have to undertake in order to comply with the rules (particularly if non-U.S. employees are included in the final rules), we recommend that the Commission provide registrants with an initial transition period of two years, commencing on the first day of the end of fiscal year following the effective date of the final rules. Registrants will need time to determine the methodology best suited to their business and to develop procedures and compatible systems in order to implement the rules, a process that could take up to a year. In addition, registrants will need to aggregate an average of up to 50 or more employee data systems, train additional personnel and confer with counsel on data privacy law compliance issues.

We also recommend that the final rules address the need for a transition period following an acquisition and recommend that a period of one year following the first anniversary of the date of the acquisition would be appropriate. Following an acquisition, a registrant may have to reassess its method of determining its median employee and develop compatible processes and systems to account for the new employees, some of whom may have legacy compensation arrangements. Providing registrants with additional time to transition following a transaction would also be consistent with the approach the Commission has taken in permitting registrants a one-year transition period to comply with the internal control requirements in the case of acquisitions.[23] In addition, in response to comments received from registrants, last year the Commission provided in the final conflicts minerals rules that, in the event a registrant acquires control over a company that manufactures or contracts for the manufacturing of products with necessary conflict minerals that the acquired company previously had not been required to disclose, the registrant may delay reporting for eight months following the effective date of an acquisition.[24]

[23] See, Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, Frequently Asked Questions, revised September 24, 2007, Question 3.

[24] Conflicts Minerals, Release No. 34-67716 (Nov. 13, 2012).

APPENDIX 1

Examples of Types of Unique Compensation in Non-U.S. Countries

Mexico	Brazil	China	India
Vacation premium	13th Month Salary	Savings Program	Housing Rent Allowance
Savings Fund	Health Assistance	Social Benefit	Education Allowance
Mandatory Profit Sharing	Gym/Sporting Incentive	Housing Allowances	Internet and Telephone Allowance
Punctuality Bonus	Vehicle Maintenance	Entitlement Benefit	Fuel and Maintenance Allowance
Food Coupons	Fuel	Transportation Allowance	
Monetary Recognition Programs	Vehicle Wash	Elder Care Allowance	
Attendance Bonus	School Materials for Children		
Holiday Bonus	Christmas Toys for Children		
Bereavement Bonus	Christmas Basket		
Child Birth Subsidy			
Marriage Subsidy			
Patent/Investor Awards			
Vehicle Allowance			

APPENDIX 2

Case Study - the United Kingdom[25]

Background

In order to collate and transfer to the U.S. compensation data to identify the median employee for the purposes of the proposed rules, a UK subsidiary or branch of a SEC regulated US company must comply with the provisions of the UK Data Protection Act 1998 ("**the DPA**"), which implements the provisions of the EU Directive at domestic level. On the assumption that this process requires the collation of global salary data and the transfer of the same to the U.S. for the purpose of identification of the global median employee, this would involve consideration of the following:

Requirements

1. Determine whether the compensation data can be collated in a form that prevents it being "personal data.[26]"

    a. If it is possible to identify an employee by reference to their compensation data, *even if the individual is not named or otherwise identified*, then the compensation data will constitute personal data for the purposes of the DPA.

    b. It may be possible to use anonymous data (so that individuals are not identifiable), however, analysis will be required to determine whether using anonymous data will effectively prevent the compensation data from being personal data.

        – This would involve an assessment as to whether the employee is at risk of re-identification by any individual, including assessing whether the data may be combined with any other available data to re-identify the employee.

2. If the compensation data is personal data, determine whether the personal data is being "processed." The "processing of personal data" is defined broadly and will include the collation and review of payroll or similar records relating to specific employees in order to identify the median employee and calculate his or her total annual compensation.

3. Determine whether the DPA applies. The DPA will generally apply to entities that are

[25] Steps similar to those outlined at Appendix 2 would likely be required for any registrant with employees in any of the countries identified at Appendix 3, and registrants that operate in multiple countries identified at Appendix 3 would likely have to complete the steps outlined at Appendix 2 multiple times.

[26] Data relating to a living individual who can be identified from those data or from those data and other information in the possession of the "data controller" is personal data for the purposes of the DPA.

4. established in the UK.[27] Even if an entity is not established in the UK or in any other EEA states, the DPA may still apply if the entity uses equipment in the UK for processing personal data.

5. Determine whether the processing of the personal data is in compliance with the data protection principles of the DPA.
    a. By way of an example,[28] entities will need to determine whether the processing is "fair and lawful," whether the purpose for which the data is processed is in accordance with that for which it was obtained and whether the data gathered was relevant and not excessive.
    b. Processing of personal data will generally be lawful if it is necessary for the UK entity to comply with a legal obligation, however, there is some ambiguity as to whether a UK subsidiary of a U.S. company can be said to be subject to a legal obligation under the Dodd-Frank Act. This will require further analysis.

6. Determine whether a legally compliant method for transferring the personal data outside the European Economic Area ("EEA") will apply. If there is no European Community finding that data protection in the destination country is adequate,[29] then the entity transferring the data can either:
    a. Use the protections of the Safe Harbor Principles (available only to certain U.S. entities);
    b. Run an adequacy assessment test;
    c. Put in place Binding Corporate Rules[30] between the UK exporter of personal data and a non-EEA recipient (only appropriate for intra-group transfers). Binding Corporate Rules must be approved by the UK Information Commissioner; or
    d. Use EC model clauses to govern the transfer and protection of personal data (for separate legal entities).

7. If no legally compliant method for transferring personal data is available, determine whether

[27] The DPA applies to the "data controller" if it is established in the UK and the compensation data is processed in the context of that establishment. "Data controller" means a person who determines the purposes for which and the manner in which any personal data are, or are to be, processed. For these purposes any person who maintains an office, branch or agency in the UK is established in the UK.

[28] These are examples of the principles that must comply with under the DPA; there is a much more extensive list that will have to be analyzed as part of this step.

[29] The U.S. is not considered to have adequate data protection by the European Community.

[30] Entities must demonstrate that their Binding Corporate Rules provide adequate safeguards for protecting personal data throughout the organization.

there is a statutory exception to the general prohibition on the transfer of personal data outside the EEA. If none of the legally compliant methods listed above are available, the entity seeking to transfer data may be required to request that UK employees give their unambiguous consent to the transfer of their compensation data to the U.S.

8. At each stage of identifying the median employee and calculating his or her compensation (if the median employee is in the UK), consider points 1-7.

At each of these stages, it is likely that registrants will need the advice of UK counsel on the implications of the DPA to any action proposed to be taken in order to comply with Section 953(b) of the Dodd-Frank Act.

APPENDIX 3

EU DATA PROTECTION LEGISLATION IMPLEMENTING EU DIRECTIVE 95/46/EC OF THE EUROPEAN PARLIAMENT AND THE COUNCIL ON THE PROTECTION OF INDIVIDUALS WITH REGARD TO THE PROCESSING OF PERSONAL DATA AND ON THE FREE MOVEMENT OF SUCH DATA

For each of the countries identified on this **Appendix 3**, companies will be required to take steps similar to those identified for the UK in **Appendix 2**.

	COUNTRY	LEGISLATION
1.	AUSTRIA	**PROTECTION OF PERSONAL DATA ACT** (BUNDESGESETZ ÜBER DEN SCHUTZ PERSONENBEZOGENER DATEN (DATENSCHUTZGESETZ 2000)) DATED 17 AUGUST 1999 EFFECTIVE 1 JANUARY 2000, AMENDED 1 JANUARY 2010
2.	BELGIUM	**Law of 8 December 1992 on privacy protection in relation to the processing of personal data** modified by law of 11 December 1998, modified 22 August 2002 and 26 February 2003.
3.	BULGARIA	**The Personal Data Protection Act**, promulgated in the State Gazette, Issue No. 1 of 4 January 2002, last amended by State Gazette, Issue No. 105 of 29 December 2011
4.	CYPRUS	Processing of Personal Data (Protection of the Individual) Law of 2001 dated 23 November 2001, Law No. 138(l)/2001, as amended by the Processing of Personal Data (Protection of the Individual) (Amending) Law of 2 May 2003, Law No. 37(l)/2003 and the **Processing of Personal Data (Protection of the Individual) (Amending) Law** of 11 July 2012, Law No. 105(I)/2012
5.	CZECH REPUBLIC	**Act No. 101/2000 Coll., on Personal Data Protection** effective 1 December 2000
6.	DENMARK	**The Act on Processing of Personal Data Act** No. 429 (the "DPA") dated 31 May 2000 (as amended by: section 7 of Act No. 280, dated 25 April 2001; section 6 of Act No. 552, dated 24 June 2005; section 2 of Act No. 519, dated 6 June 2007; Act No. 188, dated 18 March 2009, section 2 of Act No. 503, dated 12 June 2009 and section 1 of Act no.1245 dated 18 December 2012)
7.	ESTONIA	**The Personal Data Protection Act** (Isikuandmete kaitse seadus) dated 15 February 2007, effective 1 January 2008
8.	FINLAND	**The Finnish Personal Data Act** (Henkilötietolaki 1999/523) dated 22 April 1999 effective 1 June 1999
9.	FRANCE	**French Data Protection Act** of 6 January 1978 effective 6 August 2004, modified by Law no. 2011-334 of 29 March 2011 and by Ordinance no. 2011-1012 of 24 August 2011
10.	GERMANY	The German Federal Data Protection Act (Bundesdatenschutzgesetz) with major amendments in July 2009 by the **Federal Data Protection Act Amendment Law**

		(Novelle des Bundesdatenschutzgesetzes), majority in force1 September 2009
11.	GREECE	**The Data Protection Act** (Law 2472/1997), as amended by Law 3471/2006 (G.G. 133A'/28.06.06) and Law 3625/2007 (G.G. 290A'/24.12.2007) effective 10 November 1997
12.	HUNGARY	**Act No. CXII of 2011 on the right to informational self-determination and on the freedom of information** effective 1 January 2012
13.	IRELAND	The Data Protection Act 1988 as modified by the **Data Protection (Amendment) Act** effective 1 July 2003.EXCEPT one provision of the 2003 Act prohibiting forced data subject access requests in the context of employment applications which has yet to come into force
14.	ITALY	Protection of Individuals and Other Subjects with regard to the Processing of Personal Data Act (No. 675 of 31 December 1996) effective 8 May 1997 replaced by **Consolidation Act regarding the Protection of Personal Data** (Data Protection Code – Legislative Decree No. 196 of 30 June 2003) effective 1 January 2004
15.	LATVIA	**The Law on Protection of Personal Data of Natural Persons** of 23 March 2000 effective 20 April 2000
16.	LITHUANIA	**The Law on Legal Protection of Personal Data** dated 11 June 1996 (as modified on 17 July 2000, 22 January 2002, 21 January 2003 and overhauled as of 1 January 2009 with subsequent amendments on 1 September 2011)
17.	LUXEMBOURG	**The amended law of 2 August 2002 on the protection of persons with regard to the processing of personal data** effective 1 December 2002, amended by law of 27 July 2007
18.	MALTA	**The Data Protection Act 2001, Chapter 440 of the Laws of Malta** effective 15 Jul 2003
19.	THE NETHERLANDS	**Data Protection Act ,** bescherming persoonsgegevens, effective 1 September 2001
20.	POLAND	**The Act on the Protection of Personal Data** of 29 August 1997 (Journal of Laws of 2002, No. 101, Item 926, as amended) effective 30 April 1998
21.	PORTUGAL	**Law 67/98 of 26 October 1998 on personal data protection** effective 1 November 1998
22.	ROMANIA	**Law No. 677/2001 for the Protection of Persons concerning the Processing of Personal Data and Free Circulation of Such Data,** published in the Official Gazette No. 790 of 12 December 2001
23.	SLOVAKIA	Act No. 428/2002 Coll. on **the Protection of Personal Data** dated 3 July 2002 effective 1 September 2002, as amended by **Act No. 583/2008 Coll** effective 1 January 2009
24.	SLOVENIA	Personal Data Protection Act (UL RS No. 59/1999") effective 7 August 1999, replaced by Personal Data Protection Act (Zakon o varstvu osebnih podatkov, UL RS No. 86/2004 et seq effective 1 January 2005 as amended by **Act on Changes and Amendments to the Personal Data Protection Act** (UL RS no. 67/2007) effective 28 July 2007

25.	SPAIN	**The Organic Law 15/1999 relating to Personal Data Protection** (Ley Orgánica 15/1999, de Protección de Datos de Carácter Personal) effective 14 January 2000 and Royal Decree 1720/2007 effective 19 April 2008
26.	SWEDEN	**The Swedish Personal Data Act** (Sw. Personuppgiftslagen (1998:204)) effective 1 October 2001
27.	UNITED KINGDOM	The Data Protection Act 1998 effective 1 March 2000

APPENDIX 4

Employer Payments for Government-Provided Pensions in Non-U.S. Countries

Country	Contribution for the Benefit of Individual Employees	Contribution through Corporate Taxes
France	Yes	Yes
Great Britain	Yes	Yes
Greece	Yes	Yes
Hungary	Yes	Yes
Ireland	Yes	Yes
Israel	Yes	Yes
Italy	Yes	Yes
Jordan	Yes	Yes
Kenya	Yes	Yes
Kuwait	Yes	Yes
Lebanon	Yes	Yes
Lithuania	Yes	Yes
Luxembourg	Yes	Yes
Latvia	Yes	Yes
Morocco	Yes	Yes
Monaco	Yes	Yes
Netherlands	Yes	Yes
Norway	Yes	Yes
Poland	Yes	Yes
Portugal	Yes	Yes
Qatar	Yes	Yes
Romania	Yes	Yes
Serbia	Yes	Yes
Russia	Yes	Yes
Saudi Arabia	Yes	Yes
Sweden	Yes	Yes
Slovakia	Yes	Yes
Tunisia	Yes	Yes
Turkey	Yes	Yes
Ukraine	Yes	Yes
South Africa	No	No
Canada	Yes	Yes
Dominican Republic	Yes	No
Mexico	Yes	Yes

Country	Contribution for the Benefit of Individual Employees	Contribution through Corporate Taxes
Brazil	Yes	N/A
Colombia	Yes	N/A
Venezuela	Yes	N/A
China	Yes	No
India	Yes	No
Singapore	Yes	No
Malaysia	Yes	No
the Philippines	Yes	No
Indonesia	Yes	No
Taiwan	Yes	No
Hong Kong	Yes	No
South Korea	Yes	No
Japan	Yes	No
Australia	Yes	No
New Zealand	Yes	No
Thailand	Yes	No
Vietnam	Yes	No

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