To amend the Securities Exchange Act of 1934 to provide shareholders with an advisory vote on executive compensation.

IN THE HOUSE OF REPRESENTATIVES

Mr. Frank of Massachusetts introduced the following bill; which was referred to the Committee on __________________

A BILL

To amend the Securities Exchange Act of 1934 to provide shareholders with an advisory vote on executive compensation.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Shareholder Vote on Executive Compensation Act”.

SECTION 1. SHORT TITLE. This Act may be cited as the “Shareholder Vote on Executive Compensation Act”.
SEC. 2. SHAREHOLDER VOTE ON EXECUTIVE COMPENSATION DISCLOSURES.

(a) Amendment.—Section 16 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) is amended by adding at the end the following new subsection:

“(h) ANNUAL SHAREHOLDER APPROVAL OF EXECUTIVE COMPENSATION.—

“(1) IN GENERAL.—Any proxy or consent or authorization under this section shall permit a separate shareholder vote to approve the compensation of executives as disclosed pursuant to the Commission’s compensation disclosure rules (which disclosure shall include the compensation discussion and analysis, the compensation tables, and any related material). The shareholder vote shall not be binding on the board of directors and shall not be construed as overruling a decision by such board.

“(2) SHAREHOLDER APPROVAL OF GOLDEN PARACHUTE COMPENSATION.—

“(A) DISCLOSURE.—In any proxy solicitation material that concerns an acquisition, merger, consolidation, or proposed sale or other disposition of substantially all the assets of an issuer, the person making such solicitation shall disclose in the proxy solicitation material, in a clear and simple form in accordance with regu-
lations of the Commission, any agreements or
understandings that such person has with any
principal executive officers of such issuer (or of
the acquiring issuer, if such issuer is not the
acquiring issuer) concerning any type of com-
ensation (whether present, deferred, or contin-
gent) that are based on or otherwise relate to
the acquisition, merger, consolidation, sale, or
other disposition, and that have not been sub-
ject to a shareholder vote under paragraph (1).

“(B) Shareholder Approval.—The
proxy solicitation material containing the disclo-
sure required by subparagraph (A) shall require
a separate shareholder vote to approve such
agreements or understandings. A vote by the
shareholders shall not be binding on the board
of directors and shall not be construed as over-
ruling a decision by such board.”.

(b) Deadline for Rulemaking.—Not later than 1
year after the date of the enactment of this Act, the Secu-
rities and Exchange Commission shall issue any final rules
and regulations required by the amendments made by sub-
section (a).