

116TH CONGRESS  
1ST SESSION

# H. R. 4320

To ensure that irresponsible corporate executives, rather than shareholders,  
pay fines and penalties.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 12, 2019

Ms. PORTER introduced the following bill; which was referred to the  
Committee on Financial Services

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## A BILL

To ensure that irresponsible corporate executives, rather than  
shareholders, pay fines and penalties.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Corporate Manage-  
5 ment Accountability Act of 2019”.

6 **SEC. 2. FINE, PENALTY, AND SETTLEMENT ACCOUNT-**  
7 **ABILITY.**

8 (a) DEFINITIONS.—In this section—

9 (1) the term “Commission” means the Securi-  
10 ties and Exchange Commission;

1           (2) the term “covered fine or similar pen-  
2           alty”—

3                   (A) means a fine or similar penalty, as  
4           that term is defined in Treasury Regulation  
5           section 1.162–21(b); and

6                   (B) includes any fine or similar penalty—

7                           (i) that is paid by a reporting com-  
8                   pany; and

9                           (ii) with respect to which the Commis-  
10           sion determines disclosure under sub-  
11           section (b)(1) is appropriate;

12           (3) the term “issuer” has the meaning given  
13           the term in section 3(a) of the Securities Exchange  
14           Act of 1934 (15 U.S.C. 78c(a));

15           (4) the term “named executive officer”—

16                   (A) means an individual for whom disclo-  
17           sure is required under section 229.402(a)(3) of  
18           title 17, Code of Federal Regulations; and

19                   (B) includes any other employee of a re-  
20           porting company with respect to whom the  
21           Commission determines disclosure under sub-  
22           section (b)(1) is appropriate; and

23           (5) the term “reporting company” means an  
24           issuer—

1 (A) the securities of which are registered  
2 under section 12 of the Securities Exchange  
3 Act of 1934 (15 U.S.C. 78l); or

4 (B) that is required to file reports under  
5 section 15(d) of the Securities Exchange Act of  
6 1934 (15 U.S.C. 78o(d)).

7 (b) REQUIREMENT TO ISSUE RULES.—Not later  
8 than 360 days after the date of enactment of this Act,  
9 the Commission shall issue final rules to require each re-  
10 porting company, in each annual report submitted under  
11 section 13 or section 15(d) of the Securities Exchange Act  
12 of 1934 (15 U.S.C. 78m and 78o(d)), or in each proxy  
13 statement filed pursuant to section 14(a) of the Securities  
14 Exchange Act of 1934 (15 U.S.C. 78n(a)) for an annual  
15 meeting of shareholders, to—

16 (1) disclose whether the reporting company, in  
17 order to align the incentives of those managing the  
18 reporting company with the incentives of the share-  
19 holders of the reporting company, has established  
20 procedures to recoup from compensation paid to,  
21 and to withhold from future compensation paid to,  
22 any named executive officer all or a portion of the  
23 cost of any covered fine or similar penalty that has  
24 been paid by the reporting company;

1           (2) if the reporting company has established  
2 procedures described in paragraph (1)—

3           (A) provide a description of those proce-  
4 dures; and

5           (B) disclose the amount that the reporting  
6 company has recouped from each named execu-  
7 tive officer under those procedures during each  
8 of the 3 most recent fiscal years; and

9           (3) if the reporting company has not estab-  
10 lished procedures described in paragraph (1), pro-  
11 vide an explanation of why no such procedures are  
12 necessary for the benefit of the shareholders of the  
13 reporting company.

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