

110TH CONGRESS  
2D SESSION

# S. 2866

To require greater disclosure of senior corporate officer compensation, to empower shareholders and investors to protect themselves from fraud, to limit conflicts of interest in determining senior corporate officer compensation, to ensure integrity in Federal contracting, to close corporate tax loopholes utilized to subsidize senior corporate officer compensation, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

APRIL 15, 2008

Mr. REID (for Mrs. CLINTON) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To require greater disclosure of senior corporate officer compensation, to empower shareholders and investors to protect themselves from fraud, to limit conflicts of interest in determining senior corporate officer compensation, to ensure integrity in Federal contracting, to close corporate tax loopholes utilized to subsidize senior corporate officer compensation, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Corporate Executive  
3 Compensation Accountability and Transparency Act”.

4 **SEC. 2. LIMITATION ON ANNUAL AMOUNTS WHICH MAY BE**  
5 **DEFERRED UNDER NONQUALIFIED DE-**  
6 **FERRED COMPENSATION ARRANGEMENTS.**

7 (a) IN GENERAL.—Section 409A(a) of the Internal  
8 Revenue Code of 1986 (relating to inclusion of gross in-  
9 come under nonqualified deferred compensation plans) is  
10 amended—

11 (1) by striking “and (4)” in subclause (I) of  
12 paragraph (1)(A)(i) and inserting “(4), and (5)”,  
13 and

14 (2) by adding at the end the following new  
15 paragraph:

16 “(5) ANNUAL LIMITATION ON AGGREGATE DE-  
17 FERRED AMOUNTS.—

18 “(A) LIMITATION.—The requirements of  
19 this paragraph are met if the plan provides that  
20 the aggregate amount of compensation which is  
21 deferred for any taxable year with respect to a  
22 participant under the plan may not exceed the  
23 applicable dollar amount for the taxable year.

24 “(B) INCLUSION OF FUTURE EARNINGS.—  
25 If an amount is includible under paragraph (1)  
26 in the gross income of a participant for any

1 taxable year by reason of any failure to meet  
 2 the requirements of this paragraph, any income  
 3 (whether actual or notional) for any subsequent  
 4 taxable year shall be included in gross income  
 5 under paragraph (1)(A) in such subsequent tax-  
 6 able year to the extent such income—

7 “(i) is attributable to compensation  
 8 (or income attributable to such compensa-  
 9 tion) required to be included in gross in-  
 10 come by reason of such failure (including  
 11 by reason of this subparagraph), and

12 “(ii) is not subject to a substantial  
 13 risk of forfeiture and has not been pre-  
 14 viously included in gross income.

15 “(C) AGGREGATION RULES.—For purposes  
 16 of this paragraph, all nonqualified deferred  
 17 compensation plans maintained by all employers  
 18 treated as a single employer under subsection  
 19 (d)(6) shall be treated as 1 plan.

20 “(D) APPLICABLE DOLLAR AMOUNT.—For  
 21 purposes of this paragraph, the term ‘applicable  
 22 dollar amount’ means, with respect to any par-  
 23 ticipant, \$1,000,000.”.

24 (b) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendments made by  
2       this section shall apply to taxable years beginning  
3       after December 31, 2008, except that the amend-  
4       ments shall only apply to amounts deferred after  
5       December 31, 2008 (and to earnings on such  
6       amounts).

7           (2) GUIDANCE RELATING TO CERTAIN EXISTING  
8       ARRANGEMENTS.—Not later than 60 days after the  
9       date of the enactment of this Act, the Secretary of  
10      the Treasury shall issue guidance providing a limited  
11      period during which a nonqualified deferred com-  
12      pensation plan adopted before December 31, 2008,  
13      may, without violating the requirements of section  
14      409A(a) of such Code, be amended—

15           (A) to provide that a participant may, no  
16      later than December 31, 2008, cancel or modify  
17      an outstanding deferral election with regard to  
18      all or a portion of amounts deferred after De-  
19      cember 31, 2008, to the extent necessary for  
20      the plan to meet the requirements of section  
21      409A(a)(5) of such Code (as added by the  
22      amendments made by this section), but only if  
23      amounts subject to the cancellation or modifica-  
24      tion are, to the extent not previously included  
25      in gross income, includible in income of the par-

1           ticipant when no longer subject to substantial  
2           risk of forfeiture, and

3                   (B) to conform to the requirements of sec-  
4           tion 409A(a)(5) of such Code (as added by the  
5           amendments made by this section) with regard  
6           to amounts deferred after December 31, 2008.

7   **SEC. 3. EXECUTIVE REIMBURSEMENT OF COMPENSATION**  
8                   **FOR MISCONDUCT.**

9           Section 304 of the Sarbanes-Oxley Act of 2002 (15  
10   U.S.C. 7243) is amended—

11                   (1) in subsection (a), by striking “12-month”  
12           each place that term appears and inserting “36-  
13           month”;

14                   (2) by amending subsection (b) to read as fol-  
15           lows:

16           “(b) RULEMAKING TO IMPROVE ENFORCEMENT.—

17                   “(1) IN GENERAL.—Not later than 120 days  
18           after the date of enactment of the Corporate Execu-  
19           tive Compensation Accountability and Transparency  
20           Act, the Commission shall develop and issue regula-  
21           tions to ensure more effective enforcement of sub-  
22           section (a). In developing the regulations required  
23           under this paragraph, the Commission shall provide  
24           a comment period not to exceed 60 days.

1           “(2) REQUIRED INCLUSIONS.—The regulations  
2           required under paragraph (1) shall, at a minimum,  
3           clarify—

4                   “(A) that the term ‘misconduct’ includes  
5           misconduct that results from—

6                           “(i) specific illicit actions of a senior  
7                           executive or officer, including the chief ex-  
8                           ecutive officer and chief financial officer, of  
9                           a company, or knowledge of illicit actions,  
10                          accompanied by willful inaction to address  
11                          such illicit actions; or

12                          “(ii) the willful concealment by such  
13                          executive or officer, of illicit actions; and

14                   “(B) that the term ‘illicit action’ includes  
15           any of the following activities:

16                           “(i) Backdating stock options to con-  
17                           ceal liabilities, losses, or any other negative  
18                           financial information from shareholders  
19                           and investors.

20                           “(ii) Accounting irregularities de-  
21                           signed to conceal losses, liabilities, or other  
22                           negative financial information from share-  
23                           holders, boards of directors, or government  
24                           regulators, that are required to be dis-

1 closed under this Act, or any other Act,  
2 regulation, or rule governing securities.

3 “(iii) Accounting irregularities de-  
4 signed to artificially achieve profit or other  
5 financial targets that would not have rea-  
6 sonably been met under generally accepted  
7 accounting principles and industry stand-  
8 ards, or through compliance with—

9 “(I) this Act, or any other Act,  
10 regulation, or rule governing securi-  
11 ties; and

12 “(II) any provision of the Inter-  
13 nal Revenue Code of 1986.

14 “(iv) Willfully circumventing the re-  
15 porting, independence, due diligence, dis-  
16 closure or fiduciary requirements and obli-  
17 gations of this Act, or any other Act, regu-  
18 lation, or rule governing securities in order  
19 to mislead, deceive, or withhold informa-  
20 tion that is required to be given to share-  
21 holders, boards of directors, and Federal  
22 and State regulatory authorities.

23 “(v) Any conduct that violates, or is  
24 in conflict with, the legal and fiduciary re-  
25 sponsibilities of the senior executive or offi-

1 cer to the shareholders and boards of di-  
 2 rectors of such executive or officer.”; and

3 (3) by adding at the end the following:

4 “(c) REPORT.—Not later than 60 days after the date  
 5 of enactment of the Corporate Executive Compensation  
 6 Accountability and Transparency Act, the Chair of the  
 7 Commission shall issue a report—

8 “(1) analyzing the current enforcement efforts  
 9 of the Commission in regards to this section; and

10 “(2) listing the legislative, regulatory, or admin-  
 11 istrative recommendations of the Commission on  
 12 how to remove any current barriers to effective en-  
 13 forcement of this section.

14 “(d) COMMISSION EXEMPTION AUTHORITY.—

15 “(1) IN GENERAL.—The Commission may ex-  
 16 empt any person from the application of subsection  
 17 (a), as it deems necessary and appropriate.

18 “(2) NOTICE.—If the Commission exempts any  
 19 person pursuant to its authority under paragraph  
 20 (1), the Commission shall, not later than 15 days  
 21 after such exemption is granted, issue a public state-  
 22 ment explaining the factors surrounding the grant-  
 23 ing of such exemption and shall notify the chair-  
 24 person and ranking minority member of the appro-  
 25 priate committees of Congress.”.



1 **SEC. 4. SHAREHOLDER VOTE ON EXECUTIVE COMPENSA-**  
2 **TION DISCLOSURES.**

3 (a) AMENDMENT.—Section 14 of the Securities Ex-  
4 change Act of 1934 (15 U.S.C. 78n) is amended by adding  
5 at the end the following:

6 “(i) ANNUAL SHAREHOLDER APPROVAL OF EXECU-  
7 TIVE COMPENSATION.—

8 “(1) ANNUAL VOTE.—Any proxy or consent or  
9 authorization for an annual meeting of the share-  
10 holders (or a special meeting in lieu of the annual  
11 meeting) occurring on or after January 1, 2009,  
12 shall provide for a separate shareholder vote to ap-  
13 prove the compensation of executives as disclosed  
14 pursuant to the Commission’s compensation disclo-  
15 sure rules (which disclosure shall include the com-  
16 pensation discussion and analysis, the compensation  
17 tables, and any related material). The shareholder  
18 vote shall not be binding on the corporation or the  
19 board of directors and shall not be construed as  
20 overruling a decision by such board, nor to create or  
21 imply any additional fiduciary duty by such board,  
22 nor shall such vote be construed to restrict or limit  
23 the ability of shareholders to make proposals for in-  
24 clusion in such proxy materials related to executive  
25 compensation.

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

3           “(A) DISCLOSURE.—In any proxy solicita-  
4 tion material for an annual meeting of the  
5 shareholders (or a special meeting in lieu of the  
6 annual meeting) occurring on or after January  
7 1, 2009, that concerns an acquisition, merger,  
8 consolidation, or proposed sale or other disposi-  
9 tion of substantially all the assets of an issuer,  
10 the person making such solicitation shall dis-  
11 close in the proxy solicitation material, in a  
12 clear and simple form in accordance with regu-  
13 lations of the Commission, any agreements or  
14 understandings that such person has with any  
15 principal executive officers of such issuer (or of  
16 the acquiring issuer, if such issuer is not the  
17 acquiring issuer) concerning any type of com-  
18 pensation (whether present, deferred, or contin-  
19 gent) that are based on or otherwise relate to  
20 the acquisition, merger, consolidation, sale, or  
21 other disposition, and that have not been sub-  
22 ject to a shareholder vote under paragraph (1).

23           “(B) SHAREHOLDER APPROVAL.—The  
24 proxy solicitation material containing the disclo-  
25 sure required by subparagraph (A) shall provide

17 SEC. 5. DISCLOSURE OF COMPENSATION CONSULTANT AC-  
18 TIVITIES AND INDEPENDENCE.

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1 (b) CONTENT.—The regulations required under sub-  
2 section (a) shall—

3 (1) prohibit any other work or service per-  
4 formed by a compensation consultant on behalf of  
5 the company that presents a conflict of interest or  
6 otherwise compromises the independence of the con-  
7 sultant;

8 (2) require the company to certify whether a  
9 compensation consultant performed any work, re-  
10 search, or preparation, or otherwise had reasonable  
11 involvement in a compensation recommendation, is  
12 independent; and

13 (3) clarify the standards used by the Securities  
14 and Exchange Commission to determine the inde-  
15 pendence of compensation consultants, provided that  
16 such standards include the following limitations:

17 (A) A compensation consultant who at any  
18 time in the previous 18 months prior to the  
19 compensation recommendation of such consult-  
20 ant to a company had noncompensation con-  
21 sulting related business, or otherwise had a  
22 noncompensation consultation related financial  
23 relationship with that company, shall not be  
24 considered independent.

1 (B) A compensation consultant that has or  
 2 previously had any financial or professional re-  
 3 lationship with a company, the board of direc-  
 4 tors of such company, or any senior executive  
 5 officers of such company, that would reasonably  
 6 be construed as presenting a conflict of interest  
 7 in the compensation consultation recommenda-  
 8 tion of that consultant shall not be considered  
 9 independent.

10 (c) DEFINITION OF COMPANY.—For purpose of this  
 11 section, the term “company” means a corporation, asso-  
 12 ciation, partnership, trust, limited liability company, lim-  
 13 ited liability partnership, or other legal entity.

14 **SEC. 6. REQUIREMENT FOR CERTAIN FEDERAL CONTRAC-**  
 15 **TORS TO DISCLOSE EXECUTIVE COMPENSA-**  
 16 **TION STRUCTURES.**

17 (a) DISCLOSURE REQUIREMENT.—

18 (1) CIVILIAN CONTRACTS.—Title III of the  
 19 Federal Property and Administrative Services Act of  
 20 1949 (41 U.S.C. 251 et seq.) is amended by adding  
 21 at the end the following new section:

22 **“SEC. 318. REQUIREMENT TO DISCLOSE EXECUTIVE COM-**  
 23 **PENSATION STRUCTURES.**

24 **“(a) COMPENSATION STRUCTURE DISCLOSURE.—A**  
 25 **contract for the procurement of property or services en-**

1 tered into by an executive agency with a covered con-  
 2 tractor shall require the contractor to disclose to the con-  
 3 tracting official an accounting of the compensation struc-  
 4 tures for the following individuals:

5           “(1) The chief executive officer of the con-  
 6 tractor.

7           “(2) The chief financial officer of the con-  
 8 tractor.

9           “(3) The 5 most highly compensated executive  
 10 officers of the contractor.

11           “(4) Each member of the board of directors of  
 12 the contractor, as appropriate.

13           “(b) COMPENSATION DISCUSSION AND ANALYSIS.—  
 14 Not later than 90 days after entering into a contract de-  
 15 scribed under subsection (a), a covered contractor shall  
 16 submit to the contracting official of the executive agency  
 17 a compensation discussion and analysis that justifies the  
 18 compensation structures for the individuals identified in  
 19 such subsection, including a good faith analysis and com-  
 20 parison of prevailing standard industry and market com-  
 21 pensation structures with the compensation structures for  
 22 such individuals.

23           “(c) ANNUAL UPDATE.—The covered contractor shall  
 24 submit to the contracting official of the executive agency

1 an annual update of the information required under sub-  
 2 section (a) for the duration of the contract.

3 “(d) ALTERNATIVE DISCLOSURE REQUIREMENT FOR  
 4 CERTAIN CONTRACTORS.—

5 “(1) IN GENERAL.—A covered contractor de-  
 6 scribed in paragraph (2) that is unable to provide  
 7 the information required under subsections (a) and  
 8 (b) may instead provide to the contracting official of  
 9 the executive agency the following:

10 “(A) A certification that the contractor re-  
 11 ceived less than 50 percent of its annual gross  
 12 revenues from Federal contracts during the im-  
 13 mediately preceding fiscal year.

14 “(B) An accounting of the compensation  
 15 structures for the 3 most highly compensated  
 16 executive officers of the contractor.

17 “(2) CONTRACTORS ELIGIBLE FOR ALTER-  
 18 NATIVE DISCLOSURE REQUIREMENTS.—A covered  
 19 contractor is eligible to provide alternative disclosure  
 20 under this subsection if it is not publicly held and  
 21 is a small business concern owned and controlled by  
 22 socially and economically disadvantaged individuals,  
 23 a small business concern owned and controlled by  
 24 veterans, a small business concern owned and con-

1 trolled by women, or a socially and economically dis-  
 2 advantaged small business concern.

3 “(3) DEFINITIONS.—In this subsection—

4 “(A) the term ‘publicly held’ means a busi-  
 5 ness concern that is—

6 “(i) an issuer of a class of securities  
 7 registered or that is required to be reg-  
 8 istered pursuant to section 12 of the Secu-  
 9 rities Exchange Act of 1934 (15 U.S.C.  
 10 781) or that is required to file reports pur-  
 11 suant to section 15(d) of that Act (15  
 12 U.S.C. 78o(d)); or

13 “(ii) owned by an issuer of a class of  
 14 securities registered or that is required to  
 15 be registered pursuant to section 12 of the  
 16 Securities Exchange Act of 1934 (15  
 17 U.S.C. 78l) or that is required to file re-  
 18 ports pursuant to section 15(d) of that Act  
 19 (15 U.S.C. 78o(d));

20 “(B) the term ‘small business concern  
 21 owned and controlled by socially and economi-  
 22 cally disadvantaged individuals’ has the mean-  
 23 ing given that term in section 8(d)(3)(C) of the  
 24 Small Business Act (15 U.S.C. 637(d)(3)(C));



1           “(C) the terms ‘small business concern  
2           owned and controlled by veterans’ and ‘small  
3           business concern owned and controlled by  
4           women’ have the meanings given those terms in  
5           section 3 of the Small Business Act (15 U.S.C.  
6           632); and

7           “(D) the term ‘socially and economically  
8           disadvantaged small business concern’ has the  
9           meaning given that term in section 8(a)(4) of  
10          the Small Business Act (15 U.S.C. 637(a)(4)).

11       “(e) USE OF INFORMATION IN FUTURE CON-  
12       TRACTING DECISIONS.—Information on contractors col-  
13       lected under subsections (b) and (d) shall be used by exec-  
14       utive agencies in justifying and determining the value of  
15       future contract awards.

16       “(f) AVAILABILITY OF INFORMATION.—Information  
17       collected under subsections (a) through (d) shall be made  
18       publicly available in searchable form through the Federal  
19       Procurement Data System described in section 6(d)(4)(A)  
20       of the Office of Federal Procurement Policy Act (41  
21       U.S.C. 405(d)(4)(A)).

22       “(g) COVERED CONTRACTOR DEFINED.—In this sec-  
23       tion, the term ‘covered contractor’ means an individual or  
24       entity that received more than \$5,000,000 in annual gross

1 revenues from Federal contracts (or subcontracts at any  
2 tier) during the preceding fiscal year.”.

3 (2) DEFENSE CONTRACTS.—

4 (A) DISCLOSURE REQUIREMENT.—Chapter  
5 137 of title 10, United States Code, is amended  
6 by adding at the end the following new section:

7 **“§ 2334. Requirement to disclose executive compensa-**  
8 **tion structures**

9 “(a) COMPENSATION STRUCTURE DISCLOSURE.—A  
10 contract for the procurement of property or services en-  
11 tered into by an agency with a covered contractor shall  
12 require the contractor to disclose to the contracting official  
13 an accounting of the compensation structures for the fol-  
14 lowing individuals:

15 “(1) The chief executive officer of the con-  
16 tractor.

17 “(2) The chief financial officer of the con-  
18 tractor.

19 “(3) The 5 most highly compensated executive  
20 officers of the contractor.

21 “(4) Each member of the board of directors of  
22 the contractor, as appropriate.

23 “(b) COMPENSATION DISCUSSION AND ANALYSIS.—  
24 Not later than 90 days after entering into a contract de-  
25 scribed under subsection (a), a covered contractor shall

1 submit to the contracting official of the agency a com-  
 2 pensation discussion and analysis that justifies the com-  
 3 pensation structures for the individuals identified in such  
 4 subsection, including a good faith analysis and comparison  
 5 of prevailing standard industry and market compensation  
 6 structures with the compensation structures for such indi-  
 7 viduals.

8 “(c) ANNUAL UPDATE.—The covered contractor shall  
 9 submit to the contracting official of the agency an annual  
 10 update of the information required under subsection (a)  
 11 for the duration of the contract.

12 “(d) ALTERNATIVE DISCLOSURE REQUIREMENT FOR  
 13 CERTAIN CONTRACTORS.—

14 “(1) IN GENERAL.—A covered contractor de-  
 15 scribed in paragraph (2) that is unable to provide  
 16 the information required under subsections (a) and  
 17 (b) may instead provide to the contracting official of  
 18 the agency the following:

19 “(A) A certification that the contractor re-  
 20 ceived less than 50 percent of its annual gross  
 21 revenues from Federal contracts during the im-  
 22 mediately preceding fiscal year.

23 “(B) An accounting of the compensation  
 24 structures for the 3 most highly compensated  
 25 executive officers of the contractor.

1           “(2) CONTRACTORS ELIGIBLE FOR ALTER-  
 2           NATIVE DISCLOSURE REQUIREMENTS.—A covered  
 3           contractor is eligible to provide alternative disclosure  
 4           under this subsection if it is not publicly held and  
 5           is a small business concern owned and controlled by  
 6           socially and economically disadvantaged individuals,  
 7           a small business concern owned and controlled by  
 8           veterans, a small business concern owned and con-  
 9           trolled by women, or a socially and economically dis-  
 10          advantaged small business concern.

11           “(3) DEFINITIONS.—In this subsection—

12                   “(A) the term ‘publicly held’ means a busi-  
 13                   ness concern that is—

14                           “(i) an issuer of a class of securities  
 15                           registered or that is required to be reg-  
 16                           istered pursuant to section 12 of the Secu-  
 17                           rities Exchange Act of 1934 (15 U.S.C.  
 18                           781) or that is required to file reports pur-  
 19                           suant to section 15(d) of that Act (15  
 20                           U.S.C. 78o(d)); or

21                           “(ii) owned by an issuer of a class of  
 22                           securities registered or that is required to  
 23                           be registered pursuant to section 12 of the  
 24                           Securities Exchange Act of 1934 (15  
 25                           U.S.C. 78l) or that is required to file re-

1 ports pursuant to section 15(d) of that Act  
2 (15 U.S.C. 78o(d));

3 “(B) the term ‘small business concern  
4 owned and controlled by socially and economi-  
5 cally disadvantaged individuals’ has the mean-  
6 ing given that term in section 8(d)(3)(C) of the  
7 Small Business Act (15 U.S.C. 637(d)(3)(C));

8 “(C) the terms ‘small business concern  
9 owned and controlled by veterans’ and ‘small  
10 business concern owned and controlled by  
11 women’ have the meanings given those terms in  
12 section 3 of the Small Business Act (15 U.S.C.  
13 632); and

14 “(D) the term ‘socially and economically  
15 disadvantaged small business concern’ has the  
16 meaning given that term in section 8(a)(4) of  
17 the Small Business Act (15 U.S.C. 637(a)(4)).

18 “(e) USE OF INFORMATION IN FUTURE CON-  
19 TRACTING DECISIONS.—Information on contractors col-  
20 lected under subsections (b) and (d) shall be used by agen-  
21 cies in justifying and determining the value of future con-  
22 tract awards.

23 “(f) AVAILABILITY OF INFORMATION.—Information  
24 collected under subsections (a) through (d) shall be made  
25 publicly available in searchable form through the Federal

1 Procurement Data System described in section 6(d)(4)(A)  
 2 of the Office of Federal Procurement Policy Act (41  
 3 U.S.C. 405(d)(4)(A)).

4 “(g) COVERED CONTRACTOR DEFINED.—In this sec-  
 5 tion, the term ‘covered contractor’ means an individual or  
 6 entity that received more than \$5,000,000 in annual gross  
 7 revenues from Federal contracts (or subcontracts at any  
 8 tier) during the preceding fiscal year.”.

9 (B) CLERICAL AMENDMENT.—The table of  
 10 contents at the beginning of such chapter is  
 11 amended by adding at the end the following  
 12 new item:

“2334. Requirement to disclose executive compensation structures.”.

13 (b) AMENDMENT OF FEDERAL ACQUISITION REGU-  
 14 LATION.—Not later than 120 days after the date of the  
 15 enactment of this Act, the Federal Acquisition Regulatory  
 16 Council shall amend the Federal Acquisition regulation  
 17 issued pursuant to section 25 of the Office of Federal Pro-  
 18 curement Policy Act (41 U.S.C. 421) to provide for the  
 19 implementation of the requirements of section 318 of the  
 20 Federal Property of Administrative Services Act of 1949,  
 21 as added by subsection (a)(1) and section 2334 of title  
 22 10, United States Code, as added by subsection (a)(2).

1 **SEC. 7. INCREASING TRANSPARENCY ON STOCK OPTIONS**  
2 **ACCOUNTING AND ACCURATE VALUATION OF**  
3 **EXECUTIVE COMPENSATION.**

4 (a) IN GENERAL.—Notwithstanding any other provi-  
5 sion of law, not later than 90 days after the date of the  
6 enactment of this Act, the Securities and Exchange Com-  
7 mission, in a manner consistent with the goal of providing  
8 investors with a clearer and more complete picture of the  
9 compensation earned by the principal executive officer,  
10 principal financial officer, the highest paid executive offi-  
11 cers, and the members of the board of director of a com-  
12 pany, shall issue regulations that require each company  
13 subject to the jurisdiction of the Commission to disclose,  
14 in clear terms, the full grant date present value of equity  
15 instruments that are used as executive compensation  
16 awards in the Summary Compensation Table of each such  
17 company.

18 (b) DEFINITION OF COMPANY.—For purpose of this  
19 section, the term “company” means a corporation, asso-  
20 ciation, partnership, trust, limited liability company, lim-  
21 ited liability partnership, or other legal entity.

22 (c) RULE OF CONSTRUCTION.—Nothing in this sec-  
23 tion shall be construed to enable the Securities and Ex-  
24 change Commission to take action that would materially  
25 weaken any current reporting or disclosure requirements  
26 or to allow an alternative valuation not consistent with the

- 1 standard of “full grant date present value of equity instru-
- 2 ments” to meet the goals of subsection (a).

