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(Original Signature of Member)

110TH CONGRESS  
1ST SESSION

# H. R.

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

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## IN THE HOUSE OF REPRESENTATIVES

Mr. FRANK of Massachusetts introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# 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 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 “Shareholder Vote on  
5 Executive Compensation Act”.

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

3 (a) AMENDMENT.—Section 16 of the Securities Ex-  
4 change Act of 1934 (15 U.S.C. 78n) is amended by adding  
5 at the end the following new subsection:

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

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

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

20 “(A) DISCLOSURE.—In any proxy solicita-  
21 tion material that concerns an acquisition,  
22 merger, consolidation, or proposed sale or other  
23 disposition of substantially all the assets of an  
24 issuer, the person making such solicitation shall  
25 disclose in the proxy solicitation material, in a  
26 clear and simple form in accordance with regu-

1           lations of the Commission, any agreements or  
2           understandings that such person has with any  
3           principal executive officers of such issuer (or of  
4           the acquiring issuer, if such issuer is not the  
5           acquiring issuer) concerning any type of com-  
6           pensation (whether present, deferred, or contin-  
7           gent) that are based on or otherwise relate to  
8           the acquisition, merger, consolidation, sale, or  
9           other disposition, and that have not been sub-  
10          ject to a shareholder vote under paragraph (1).

11                 “(B)    SHAREHOLDER    APPROVAL.—The  
12           proxy solicitation material containing the disclo-  
13           sure required by subparagraph (A) shall require  
14           a separate shareholder vote to approve such  
15           agreements or understandings. A vote by the  
16           shareholders shall not be binding on the board  
17           of directors and shall not be construed as over-  
18           ruling a decision by such board.”.

19           (b) DEADLINE FOR RULEMAKING.—Not later than 1  
20   year after the date of the enactment of this Act, the Secu-  
21   rities and Exchange Commission shall issue any final rules  
22   and regulations required by the amendments made by sub-  
23   section (a).