

111TH CONGRESS
1ST SESSION

H. R. 3351

To amend the Securities Exchange Act of 1934 to provide shareholders
with a non-binding vote on executive compensation.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2009

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

A BILL

To amend the Securities Exchange Act of 1934 to provide
shareholders with a non-binding vote on executive com-
pensation.

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 “Proxy Voting Trans-
5 parency Act of 2009”.

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

8 Section 14 of the Securities Exchange Act of 1934
9 (15 U.S.C. 78n) is amended by adding at the end the fol-
10 lowing new subsection:

1 “(i) ANNUAL SHAREHOLDER APPROVAL OF EXECU-
2 TIVE COMPENSATION.—

3 “(1) ANNUAL VOTE.—Any proxy or consent or
4 authorization for an annual meeting of the share-
5 holders (or a special meeting in lieu of the annual
6 meeting) occurring on or after the date that is 6
7 months after the date on which final rules are issued
8 under paragraph (4), shall provide for a separate
9 shareholder vote to approve the compensation of ex-
10 ecutives as disclosed pursuant to the Commission’s
11 compensation disclosure rules (which disclosure shall
12 include the compensation committee report, the com-
13 pensation discussion and analysis, the compensation
14 tables, and any related materials). The shareholder
15 vote shall not be binding on the corporation or the
16 board of directors and shall not be construed as
17 overruling a decision by such board, nor to create or
18 imply any additional fiduciary duty by such board,
19 nor shall such vote be construed to restrict or limit
20 the ability of shareholders to make proposals for in-
21 clusion in such proxy materials related to executive
22 compensation.

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

1 “(A) DISCLOSURE.—In any proxy or con-
2 sent solicitation material for an annual meeting
3 of the shareholders (or a special meeting in lieu
4 of the annual meeting) occurring on or after
5 the date that is 6 months after the date on
6 which final rules are issued under paragraph
7 (4), that concerns an acquisition, merger, con-
8 solidation, or proposed sale or other disposition
9 of all or substantially all the assets of an issuer,
10 the person making such solicitation shall dis-
11 close in the proxy or consent solicitation mate-
12 rial, in a clear and simple tabular form in ac-
13 cordance with regulations to be promulgated by
14 the Commission, any agreements or under-
15 standings that such person has with any prin-
16 cipal executive officers of such issuer (or of the
17 acquiring issuer, if such issuer is not the ac-
18 quiring issuer) concerning any type of com-
19 pensation (whether present, deferred, or contin-
20 gent) that is based on or otherwise relates to
21 the acquisition, merger, consolidation, sale, or
22 other disposition of all or substantially all of
23 the assets of the issuer that have not been sub-
24 ject to a shareholder vote under paragraph (1),
25 and the aggregate total of all such compensa-

tion that may (and the conditions upon which it may) be paid or become payable to or on behalf of such executive officer.

“(B) SHAREHOLDER APPROVAL.—Any proxy or consent or authorization relating to the proxy or consent solicitation material containing the disclosure required by subparagraph (A) shall provide for a separate shareholder vote to approve such agreements or understandings and compensation as disclosed. A vote by the shareholders shall not be binding on the corporation or the board of directors of the issuer or the person making the solicitation and shall not be construed as overruling a decision by such board, nor to create or imply any additional fiduciary duty by such board, nor shall such vote be construed to restrict or limit the ability of shareholders to make proposals for inclusion in such proxy materials related to executive compensation.

“(3) DISCLOSURE OF VOTES.—Every institutional investment manager subject to section 13(f) shall report at least annually how it voted on any shareholder vote unless such vote is otherwise re-

1 quired to be reported publicly by rule or regulation
2 of the Commission.

3 “(4) RULEMAKING.—Not later than 6 months
4 after the date of enactment of the Investor Voting
5 Fairness Act of 2009, the Commission shall issue
6 rules and regulations to implement this subsection.”.

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