

111TH CONGRESS
1ST SESSION

S. 1006

To require a supermajority shareholder vote to approve excessive compensation of any employee of a publicly traded company.

IN THE SENATE OF THE UNITED STATES

MAY 7, 2009

Mr. DURBIN introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require a supermajority shareholder vote to approve excessive compensation of any employee of a publicly traded company.

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 “Excessive Pay Share-
5 holder Approval Act”.

6 **SEC. 2. AMENDMENT TO THE SECURITIES EXCHANGE ACT**

7 **OF 1934.**

8 (a) IN GENERAL.—Section 16 of the Securities Ex-
9 change Act of 1934 (15 U.S.C. 78n) is amended by adding
10 at the end the following new subsection:

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

3 “(1) IN GENERAL.—The compensation for an
4 employee of an issuer in any single taxable year may
5 not exceed an amount equal to 100 times the aver-
6 age compensation for services performed by all em-
7 ployees of that issuer during such taxable year, un-
8 less not fewer than 60 percent of the shareholders
9 have voted to approve such compensation (through a
10 proxy or consent or authorization for an annual or
11 other meeting of the shareholders, occurring within
12 the preceding 18 months).

13 “(2) PROXY CONTENTS.—Proxy materials for a
14 shareholder vote required by paragraph (1) shall in-
15 clude—

16 “(A) the amount of compensation paid to
17 the lowest paid employee of the issuer;

18 “(B) the amount of compensation paid to
19 the highest paid employee of the issuer;

20 “(C) the average amount of compensation
21 paid to all employees of the issuer;

22 “(D) the number of employees of the
23 issuer who are paid more than 100 times the
24 average amount of compensation for all employ-
25 ees of the issuer; and

1 “(E) the total amount of compensation
2 paid to employees who are paid more than 100
3 times the average amount of compensation for
4 all employees of the issuer.

5 “(3) DEFINITION OF COMPENSATION.—

6 “(A) IN GENERAL.—For purposes of this
7 subsection, the term ‘compensation’ includes
8 wages, salary, fees, commissions, fringe bene-
9 fits, deferred compensation, retirement con-
10 tributions, options, bonuses, property, and any
11 other form of remuneration that the Commis-
12 sion determines is appropriate, in consultation
13 with the Secretary of the Treasury.

14 “(B) PART-TIME AND PART-YEAR EMPLOY-
15 EES.—In the case of any employee which is a
16 part-time employee of the issuer, or which is
17 not employed by the issuer for a full taxable
18 year, the compensation of such employee shall
19 be calculated for purposes of this subsection on
20 an annualized basis.”.

21 (b) DEADLINE FOR RULEMAKING.—Not later than 1
22 year after the date of enactment of this Act, the Securities
23 and Exchange Commission shall issue any final rules and

1 regulations required to carry out section 16(h) of the Se-
2 curities Exchange Act of 1934, as added by this section.

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