

S 2877

Rank and File Stock Option Act of 2002

Congress: 107 (2001–2003, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Aug 1, 2002

Current Status: Read twice and referred to the Committee on Finance. (consideration: CR S7945-7946)

Latest Action: Read twice and referred to the Committee on Finance. (consideration: CR S7945-7946) (Aug 1, 2002)

Official Text: <https://www.congress.gov/bill/107th-congress/senate-bill/2877>

Sponsor

Name: Sen. Lieberman, Joseph I. [D-CT]

Party: Democratic • State: CT • Chamber: Senate

Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Boxer, Barbara [D-CA]	D · CA		Aug 1, 2002

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Aug 1, 2002

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

## Summary (as of Aug 1, 2002)

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Rank and File Stock Option Act of 2002 - Amends the Internal Revenue Code to reduce the deduction allowed for granting stock options if the total number of shares in a firm which may be acquired by highly compensated employees pursuant to options exceeds 50 percent of the aggregate share amount. Negates the deduction if: (1) the total number of shares which may be acquired by one highly compensated employee pursuant to options exceeds five percent of the aggregate share amount; or (2) the total number of shares available to covered employees pursuant to options exceeds 15 percent of the aggregate share amount. Allows an exception to the negation provisions if a taxpayer grants an equal number of identical options to every employee. Counts all members of an affiliated group of corporations as one taxpayer.

Directs the Securities and Exchange Commission to finalize rules pursuant to the Securities Exchange Act of 1934 to ensure that: (1) shareholder approval is required for stock option plans and grants and other equity interests; and (2) prior to submission of such plans to shareholders for approval, detailed information about the plans is given.

Authorizes shareholder approval rules to exempt from the shareholder approval provisions of this Act: (1) certain stock option grants to individual employees; and (2) stock option plans and grants issued by small businesses or by additional small issuers as approved by the Commission.

Directs the Commission to conduct an analysis of, and make regulatory and legislative recommendations on, the need for new stock holding period requirements for senior executives.

## Actions Timeline

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- **Aug 1, 2002:** Introduced in Senate
- **Aug 1, 2002:** Sponsor introductory remarks on measure. (CR S7942-7945)
- **Aug 1, 2002:** Read twice and referred to the Committee on Finance. (consideration: CR S7945-7946)