

## S 2813

### Investors Rights and Corporate Accountability Act of 2009

**Congress:** 111 (2009–2011, Ended)

**Chamber:** Senate

**Policy Area:** Finance and Financial Sector

**Introduced:** Nov 20, 2009

**Current Status:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

**Latest Action:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Nov 20, 2009)

**Official Text:** <https://www.congress.gov/bill/111th-congress/senate-bill/2813>

## Sponsor

**Name:** Sen. Menendez, Robert [D-NJ]

**Party:** Democratic • **State:** NJ • **Chamber:** Senate

## Cosponsors

No cosponsors are listed for this bill.

## Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Nov 20, 2009

## Subjects & Policy Tags

### Policy Area:

Finance and Financial Sector

## Related Bills

No related bills are listed.

Investors Rights and Corporate Accountability Act of 2009 - Amends the Securities Exchange Act of 1934 (SEA) to direct the Securities and Exchange Commission (SEC) to apply to all brokers and dealers who provide investment advice to retail clients the fiduciary duty established under the Investment Advisers Act of 1940, including the duty to act solely in the best interest of the customer or client, without regard to the financial or other interest of the broker or dealer providing the advice.

Requires the trier of fact to order any person who knowingly violated securities laws to reimburse an issuer (clawback) for: (1) any bonus or other incentive-based or equity-based compensation received from the issuer during the period of the violation; and (2) any profits realized by such person from the sale of securities of the issuer during the period of the violation.

Amends the Sarbanes-Oxley Act of 2002 (SOX), with respect to forfeiture of certain bonuses and profits, to authorize a shareholder of an issuer to commence an action on behalf of the issuer if the chief executive officer or the chief financial officer of the issuer has not made the requisite reimbursement (for material noncompliance with any financial reporting requirement) within 90 days after an accounting restatement occurs.

Amends the SEA to prescribe requirements for treating the allegations of a confidential source, in a securities fraud action, as giving rise to a strong inference that a defendant acted with the required state of mind.

Prohibits specified proxy voting practices by brokers in connection with elections for membership to the board of an issuer's governing body in the absence of instructions from the security's beneficial owner regarding the specific election.

Instructs the SEC to promulgate rules: (1) requiring the independence of any adviser retained by the board of directors of an issuer to advise on an executive employment contract or compensation agreement; (2) requiring such adviser to report solely to the board of directors responsible for executive compensation; and (3) prohibiting an issuer from agreeing to indemnify or limit the liability of an adviser.

Amends the SEA and the Investment Advisers Act of 1940 to subject to liability for aiding and abetting any person that provides substantial assistance to another person with reckless disregard for whether the substantial assistance is in violation of either Act.

Instructs the SEC to direct the national securities exchanges and national securities associations to prohibit listing any security of an issuer that is not in compliance with prohibitions against severance payments to a senior executive officer who is terminated for poor performance (golden parachute).

## **Actions Timeline**

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- **Nov 20, 2009:** Introduced in Senate
- **Nov 20, 2009:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.