

HR 3269

Corporate and Financial Institution Compensation Fairness Act of 2009

Congress: 111 (2009–2011, Ended)

Chamber: House

Policy Area: Finance and Financial Sector

Introduced: Jul 21, 2009

Current Status: Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban A

Latest Action: Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Aug 3, 2009)

Official Text: <https://www.congress.gov/bill/111th-congress/house-bill/3269>

Sponsor

Name: Rep. Frank, Barney [D-MA-4]

Party: Democratic • State: MA • Chamber: House

Cosponsors (11 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Capuano, Michael E. [D-MA-8]	D · MA		Jul 21, 2009
Rep. Carson, Andre [D-IN-7]	D · IN		Jul 21, 2009
Rep. Ellison, Keith [D-MN-5]	D · MN		Jul 21, 2009
Rep. Green, Al [D-TX-9]	D · TX		Jul 21, 2009
Rep. Gutierrez, Luis V. [D-IL-4]	D · IL		Jul 21, 2009
Rep. Hinojosa, Ruben [D-TX-15]	D · TX		Jul 21, 2009
Rep. Kilroy, Mary Jo [D-OH-15]	D · OH		Jul 21, 2009
Rep. Peters, Gary C. [D-MI-9]	D · MI		Jul 21, 2009
Rep. Sherman, Brad [D-CA-27]	D · CA		Jul 21, 2009
Rep. Watt, Melvin L. [D-NC-12]	D · NC		Jul 21, 2009
Rep. Waters, Maxine [D-CA-35]	D · CA		Jul 23, 2009

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Aug 3, 2009
Financial Services Committee	House	Reported By	Jul 30, 2009

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
111 HRES 697	Procedurally related	Jul 31, 2009: Motion to reconsider laid on the table Agreed to without objection.

Corporate and Financial Institution Compensation Fairness Act of 2009 - (Sec. 2) Amends the Securities Exchange Act of 1934 to require that any proxy or consent or authorization for an annual shareholders meeting provide for a separate shareholder vote to approve executive compensation for named executive officers as disclosed pursuant to rules of the Securities and Exchange Commission (SEC).

States that the shareholder vote shall not be: (1) binding on the corporation or the board of directors; (2) construed as overruling a board decision, or as creating or implying any additional fiduciary duty by the board; or (3) construed as restricting or limiting shareholder ability to place executive compensation proposals within proxy materials.

Requires solicitations that seek shareholder approval of an acquisition, merger, consolidation, or proposed sale or other disposition of assets to disclose clearly and simply in the proxy or consent solicitation material any agreements or understandings with named executive officers of the disposing or the acquiring issuer concerning (golden parachute) compensation (present, deferred, or contingent) that is based upon or relates to such asset disposition, including the aggregate total compensation to or on behalf of such executive officer.

Requires separate shareholder approval of such golden parachute agreements or understandings and compensation, as disclosed, unless already subject to a shareholder vote at an annual shareholders meeting. States that a separate shareholder vote on golden parachute compensation shall not be: (1) binding on the issuer or its board of directors or the person making the solicitation; or (2) construed as overruling a decision by such person or issuer, or as creating or implying any additional fiduciary duty by any such person or issuer.

Requires certain institutional investment managers to report annually how they voted on any shareholder vote.

Authorizes the SEC, after taking into account the potential impact on smaller reporting issuers, to exempt certain categories of issuers from the requirements of this Act.

(Sec. 3) Directs the SEC to direct the national securities exchanges and national securities associations to prohibit the listing of any class of equity security of an issuer that does not comply with specified requirements for compensation committees (or equivalent bodies) established by and amongst an issuer's board of directors for the purpose of determining and approving the compensation arrangements for the issuer's executive officers.

Requires each member of the compensation committee of the issuer's board of directors to be independent. Prohibits any compensation committee member from accepting any consulting, advisory, or other compensatory fee from the issuer. Allows for SEC exemptions from such requirements for particular relationships.

Requires a compensation consultant, legal counsel, or other adviser to an issuer's compensation committee to meet SEC independence standards.

Grants the compensation committee of each issuer discretionary authority to retain and obtain the advice of a compensation consultant meeting SEC independence standards. Requires any proxy or consent solicitation material for an annual shareholder meeting to disclose whether the issuer's compensation committee retained and obtained the advice of an independent compensation consultant.

Authorizes a compensation committee to retain and obtain the advice of independent counsel and other independent advisers.

Directs the SEC to study and report to Congress on the use of independent compensation consultants.

(Sec. 4) Directs federal regulators to prescribe jointly regulations requiring each covered financial institution to disclose the structures of all incentive-based compensation arrangements sufficient to determine whether the compensation structure: (1) is aligned with sound risk management; (2) is structured to account for the time horizon of risks; and (3) meets other criteria appropriate to reduce unreasonable incentives offered by such institutions for employees to take undue risks.

Requires such regulators to prescribe jointly regulations that prohibit any compensation structure or incentive-based payment arrangement that encourages inappropriate risks by financial institutions that could: (1) threaten the safety and soundness of covered financial institutions; or (2) present serious adverse effects upon economic conditions or financial stability.

Exempts covered financial institutions with assets of less than \$1 billion from these compensation arrangement disclosure requirements.

Prohibits any such regulation from requiring the recovery (clawback) of incentive-based compensation under compensation arrangements in effect on the date of enactment of this Act if such an agreement is for a period of no more than 24 months. Declares that this Act shall neither prevent nor limit the recovery of incentive-based compensation under any other applicable law.

Directs the Comptroller General to study and report to Congress on whether there is a correlation between compensation structures and excessive risk taking. Requires the study, in determining whether a company failed, or nearly failed but for government assistance, to focus on: (1) companies that received exceptional assistance under the Troubled Asset Relief Program (TARP) under the Emergency Economic Stabilization Act of 2009 (EESA) or other forms of significant government assistance, including under the Automotive Industry Financing Program, the Targeted Investment Program, the Asset Guarantee Program, and the Systemically Significant Failing Institutions Program; (2) the Federal National Mortgage Association (Fannie Mae); (3) the Federal Home Loan Mortgage Corporation (Freddie Mac); and (4) companies that participated in the SEC's Consolidated Supervised Entities Program as of January 2008.

Actions Timeline

- **Aug 3, 2009:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **Jul 31, 2009:** Rule H. Res. 697 passed House.
- **Jul 31, 2009:** Considered under the provisions of rule H. Res. 697. (consideration: CR H9213-9233; text of amendment in the nature of a substitute: CR H9213-9215)
- **Jul 31, 2009:** Rule provides for consideration of H.R. 3269 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. Measure will be considered read. Specified amendments are in order. All points of order against consideration of the bill are waived except those arising under clause 9 or 10 of rule XXI. The amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill shall be considered as adopted. All points of order against provisions of the bill, as amended, are waived.
- **Jul 31, 2009:** DEBATE - The House proceeded with one hour of debate on H.R. 3269.
- **Jul 31, 2009:** DEBATE - The House resumed debate on H.R. 3269.
- **Jul 31, 2009:** DEBATE - Pursuant to the provisions of H.Res. 697, the House proceeded with 10 minutes of debate on the Frank (MA) amendment.
- **Jul 31, 2009:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Frank (MA) amendment, the Chair put the question on adoption of the amendment and by voice vote announced that the ayes had prevailed. Mr. Price (GA) demanded a recorded vote and the Chair postponed further proceedings on adoption of the amendment until later in the legislative day.
- **Jul 31, 2009:** DEBATE - Pursuant to the provisions of H.Res. 697, the House proceeded with 30 minutes of debate on the Garrett (NJ) amendment in the nature of a substitute.
- **Jul 31, 2009:** DEBATE - Mr. Garrett (NJ) asked unanimous consent that debate on the Garrett (NJ) amendment in the nature of a substitute be extended by 10 minutes, equally divided and controlled. Agreed to without objection.
- **Jul 31, 2009:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Garrett (NJ) amendment, the Chair put the question on adoption of the amendment and by voice vote announced that the noes had prevailed. Mr. Garrett (NJ) demanded a recorded vote and the Chair postponed further proceedings on adoption of the amendment until later in the legislative day.
- **Jul 31, 2009:** Considered as unfinished business. (consideration: CR H9240-9244)
- **Jul 31, 2009:** Mr. Sessions moved to recommit with instructions to Appropriations. (consideration: CR H9242-9243; text: CR H9242)
- **Jul 31, 2009:** DEBATE - The House proceeded with 10 minutes of debate on the Sessions motion to recommit with instructions. The instructions contained in the motion seek to report the same back to the House with an amendment to instruct the Security Exchange Commission to identify all persons or entities engaged in activities to influence a vote.
- **Jul 31, 2009:** On motion to recommit with instructions Failed by recorded vote: 178 - 244 (Roll no. 685). (consideration: CR H9243)
- **Jul 31, 2009:** Passed/agreed to in House: On passage Passed by recorded vote: 237 - 185 (Roll no. 686).
- **Jul 31, 2009:** On passage Passed by recorded vote: 237 - 185 (Roll no. 686).
- **Jul 31, 2009:** Motion to reconsider laid on the table Agreed to without objection.
- **Jul 30, 2009:** Reported (Amended) by the Committee on Financial Services. H. Rept. 111-236.
- **Jul 30, 2009:** Placed on the Union Calendar, Calendar No. 131.
- **Jul 30, 2009:** Rules Committee Resolution H. Res. 697 Reported to House. Rule provides for consideration of H.R. 3269 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. Measure will be considered read. Specified amendments are in order. All points of order against consideration of the bill are waived except those arising under clause 9 or 10 of rule XXI. The amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill shall be considered as adopted. All points of order against provisions of the bill, as amended, are waived.
- **Jul 28, 2009:** Committee Consideration and Mark-up Session Held.
- **Jul 28, 2009:** Ordered to be Reported (Amended) by the Yeas and Nays: 40 - 28.
- **Jul 21, 2009:** Introduced in House
- **Jul 21, 2009:** Referred to the House Committee on Financial Services.