

103^D CONGRESS
1ST SESSION

S. 259

To require that stock option compensation paid to corporate executives be recorded as a compensation expense in corporate financial statements.

IN THE SENATE OF THE UNITED STATES

JANUARY 28 (legislative day, JANUARY 5), 1993

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

A BILL

To require that stock option compensation paid to corporate executives be recorded as a compensation expense in corporate financial statements.

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 “Corporate Executives’
5 Stock Option Accountability Act”.

6 **SEC. 2. STOCK OPTION COMPENSATION.**

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

10 “(h) STOCK OPTION COMPENSATION.—

1 “(1) IN GENERAL.—The Commission shall re-
2 quire an issuer to recognize as an expense in finan-
3 cial statements provided to its security holders the
4 fair value of any stock options granted by such is-
5 suer to its directors, officers, senior executives, or
6 other persons in exchange for services.

7 “(2) FAIR VALUE.—For purposes of paragraph
8 (1), the Commission shall specify, by rule or regula-
9 tion, the method for determining the fair value of
10 such stock options.”.

11 **SEC. 3. EFFECTIVE DATE.**

12 Not later than 120 days after the date of enactment
13 of this Act, the Commission shall promulgate final rules
14 and regulations necessary to carry out this Act, unless the
15 Securities and Exchange Commission certifies that the Fi-
16 nancial Accounting Standards Board has, prior to the ex-
17 piration of 120 days after the date of enactment of this
18 Act, promulgated generally accepted accounting principles
19 which accomplish the purposes of this Act.

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