

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4320**

OFFERED BY MS. PORTER OF CALIFORNIA

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Corporate Manage-
3 ment Accountability Act of 2019”.

**4 SEC. 2. FINE, PENALTY, AND SETTLEMENT ACCOUNT-
5 ABILITY.**

6 (a) DEFINITIONS.—In this section—

7 (1) the term “Commission” means the Securi-
8 ties and Exchange Commission;

9 (2) the term “covered fine or similar pen-
10 alty”—

11 (A) means a fine or similar penalty, as
12 that term is defined in Treasury Regulation
13 section 1.162–21(b); and

14 (B) includes any fine or similar penalty—

15 (i) that is paid by a reporting com-
16 pany; and

1 (ii) with respect to which the Commis-
2 sion determines disclosure under sub-
3 section (b)(1) is appropriate;

4 (3) the term “issuer” has the meaning given
5 the term in section 3(a) of the Securities Exchange
6 Act of 1934 (15 U.S.C. 78c(a));

7 (4) the term “named executive officer”—

8 (A) means an individual for whom disclo-
9 sure is required under section 229.402(a)(3) of
10 title 17, Code of Federal Regulations; and

11 (B) includes any other employee of a re-
12 porting company with respect to whom the
13 Commission determines disclosure under sub-
14 section (b)(1) is appropriate; and

15 (5) the term “reporting company” means an
16 issuer—

17 (A) the securities of which are registered
18 under section 12 of the Securities Exchange
19 Act of 1934 (15 U.S.C. 78l); or

20 (B) that is required to file reports under
21 section 15(d) of the Securities Exchange Act of
22 1934 (15 U.S.C. 78o(d)).

23 (b) REQUIREMENT TO ISSUE RULES.—Not later
24 than 360 days after the date of enactment of this Act,
25 the Commission shall issue final rules to require each re-

1 reporting company, in each annual report submitted under
2 section 13 or section 15(d) of the Securities Exchange Act
3 of 1934 (15 U.S.C. 78m and 78o(d)), or in each proxy
4 statement filed pursuant to section 14(a) of the Securities
5 Exchange Act of 1934 (15 U.S.C. 78n(a)) for an annual
6 meeting of shareholders, to—

7 (1) disclose whether the reporting company, in
8 order to align the incentives of those managing the
9 reporting company with the incentives of the share-
10 holders of the reporting company, has established
11 procedures to recoup from compensation paid to,
12 and to withhold from future compensation paid to,
13 any named executive officer all or a portion of the
14 cost of any covered fine or similar penalty that has
15 been paid by the reporting company;

16 (2) if the reporting company has established
17 procedures described in paragraph (1)—

18 (A) provide a description of those proce-
19 dures; and

20 (B) disclose the amount that the reporting
21 company has recouped from each named execu-
22 tive officer under those procedures during each
23 of the 3 most recent fiscal years; and

24 (3) if the reporting company has not estab-
25 lished procedures described in paragraph (1), pro-

1 vide an explanation of why no such procedures are
2 necessary for the benefit of the shareholders of the
3 reporting company.

