

117TH CONGRESS
1ST SESSION

S. 2145

To ensure that irresponsible corporate executives, rather than shareholders,
pay fines and penalties.

IN THE SENATE OF THE UNITED STATES

JUNE 21, 2021

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

A BILL

To ensure that irresponsible corporate executives, rather than
shareholders, pay fines and penalties.

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 Manage-
5 ment Accountability Act of 2021”.

6 **SEC. 2. FINE, PENALTY, AND SETTLEMENT ACCOUNT-**
7 **ABILITY.**

8 (a) DEFINITIONS.—In this section—

9 (1) the term “accountable executive”—

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

4 (B) includes any other employee of a re-
5 porting company with respect to whom the
6 Commission determines disclosure under sub-
7 section (b)(1) is appropriate;

8 (2) the term “Commission” means the Securi-
9 ties and Exchange Commission;

10 (3) the term “covered fine or similar pen-
11 alty”—

12 (A) means any amount to which section
13 162(f) of the Internal Revenue Code of 1986
14 applies; and

15 (B) includes any fine, penalty, or pay-
16 ment—

17 (i) that is paid or incurred by a re-
18 porting company; and

19 (ii) with respect to which the Commis-
20 sion determines disclosure under sub-
21 section (b) should be required;

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

1 (5) the term “reporting company” means an
2 issuer—

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

6 (B) that is required to file reports under
7 section 15(d) of the Securities Exchange Act of
8 1934 (15 U.S.C. 78o(d)).

9 (b) REQUIREMENT TO ISSUE RULES.—Not later
10 than 360 days after the date of enactment of this Act,
11 the Commission shall issue final rules to require each re-
12 porting company, in each annual report submitted under
13 section 13 or section 15(d) of the Securities Exchange Act
14 of 1934 (15 U.S.C. 78m, 78o(d)), or in each proxy state-
15 ment filed pursuant to section 14(a) of the Securities Ex-
16 change Act of 1934 (15 U.S.C. 78n(a)) for an annual
17 meeting of shareholders, to—

18 (1) disclose whether the reporting company has
19 established procedures to recoup from compensation
20 paid to, and to withhold from future compensation
21 paid to, any accountable executive all or a portion of
22 the cost of any covered fine or similar penalty that
23 has been paid or incurred by the reporting company;

24 (2) if the reporting company has established
25 procedures described in paragraph (1)—

1 (A) provide a description of those proce-
2 dures; and

3 (B) disclose the amount that the reporting
4 company has recouped from each accountable
5 executive under those procedures during each of
6 the 3 most recent fiscal years; and

7 (3) if the reporting company has not estab-
8 lished procedures described in paragraph (1), pro-
9 vide an explanation of why the reporting company
10 has not done so.

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