

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2878

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

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IN THE HOUSE OF REPRESENTATIVES

AUGUST 5, 1993

Mr. BRYANT introduced the following bill; which was referred to the Committee on Energy and Commerce

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## 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 one hundred and twenty days after  
13          the date of enactment of this Act, the Commission shall  
14          promulgate final rules and regulations necessary to carry  
15          out this Act, unless the Securities and Exchange Commis-  
16          sion certifies that the Financial Accounting Standards  
17          Board has, prior to the expiration of one hundred and  
18          twenty days after the date of enactment of this Act, pro-  
19          mulgated generally accepted accounting principles which  
20          accomplish the purposes of this Act.

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