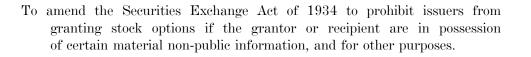
[DISCUSSION DRAFT]

H.R.

116TH CONGRESS 2D Session



IN THE HOUSE OF REPRESENTATIVES

M____ introduced the following bill; which was referred to the Committee on _____

A BILL

- To amend the Securities Exchange Act of 1934 to prohibit issuers from granting stock options if the grantor or recipient are in possession of certain material non-public information, and for other purposes.
 - 1 Be it enacted by the Senate and House of Representa-
 - 2 tives of the United States of America in Congress assembled,

1	SECTION 1. PROHIBITION ON GRANTING STOCK OPTIONS
2	IF THE GRANTOR OR RECIPIENT ARE IN POS-
3	SESSION OF CERTAIN MATERIAL NON-PUBLIC
4	INFORMATION.
5	(a) IN GENERAL.—The Securities Exchange Act of
6	1934 (15 U.S.C. 78a et seq.) is amended by inserting after
7	section 10D the following:
8	"SEC. 10E. PROHIBITION ON GRANTING STOCK OPTIONS IF
9	THE GRANTOR OR RECIPIENT ARE IN POS-
10	SESSION OF CERTAIN MATERIAL NON-PUBLIC
11	INFORMATION.
12	"An issuer may not grant stock options to any officer,
13	employee, or director of the issuer if—
14	"(1) either the individual responsible for mak-
15	ing the grant decision or the recipient of the stock
16	options are in possession of material non-public in-
17	formation that would reasonably be expected to
18	cause the fair market value of the stock underlying
19	the options to rise if it were to become public; and
20	((2) the options are to be granted according to
21	the terms of an equity compensation plan which re-
22	quires the grant price of the options to be equal to
23	or greater than the fair market value of the under-

24 lying stock at the time the options are granted.".

25 (b) RULEMAKING.—Not later than the end of the26 180-day period beginning on the date of enactment of this

1 Act, the Securities and Exchange Commission shall issue

2 rules to carry out the amendment made by subsection (a).