

118TH CONGRESS
1ST SESSION

S. 790

To align executive compensation with sustainable value creation, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 14, 2023

Mr. WARNER (for himself, Ms. WARREN, and Ms. BALDWIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To align executive compensation with sustainable value creation, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Advancing Long-term
5 Incentives for Governance Now Act” or the “ALIGN Act”.

6 **SEC. 2. RESTRICTIONS ON SALE OF SHARES FOLLOWING**
7 **STOCK BUYBACKS.**

8 (a) DEFINITIONS.—In this section:

9 (1) COVERED ISSUER.—The term “covered
10 issuer” means an issuer, a security of which is reg-

1 istered under subsection (b) or (g) of section 12 of
2 the Securities Exchange Act of 1934 (15 U.S.C.
3 78l).

4 (2) COVERED PERSON.—The term “covered
5 person” means an executive officer, as that term is
6 defined in section 240.3b–7 of title 17, Code of Fed-
7 eral Regulations, or any successor regulation, with
8 respect to a covered issuer.

9 (3) EQUITY SECURITY; ISSUER; SECURITY.—
10 The terms “equity security”, “issuer”, and “secu-
11 rity” have the meanings given the terms in section
12 3(a) of the Securities Exchange Act of 1934 (15
13 U.S.C. 78c(a)).

14 (4) SHARE REPURCHASE AUTHORIZATION.—
15 The term “share repurchase authorization” means
16 an authorization by the board of directors of a cov-
17 ered issuer to purchase shares of the covered issuer.

18 (5) SUBJECT SECURITY.—The term “subject
19 security” means any equity security of a covered
20 issuer that is awarded to a covered person with re-
21 spect to that covered issuer as part of the compensa-
22 tion of that covered person.

23 (b) DISCLOSURE OF SHARE REPURCHASE AUTHOR-
24 IZATION.—

1 (1) IN GENERAL.—Not later than 180 days
2 after the date of enactment of this Act, the Securi-
3 ties and Exchange Commission shall issue regula-
4 tions to require covered issuers to publicly disclose
5 a share repurchase authorization not later than 1
6 business day after the authorization has occurred.

7 (2) CONTENTS.—In issuing regulations under
8 paragraph (1), the Securities and Exchange Com-
9 mission shall ensure that each disclosure required
10 under those regulations is—

11 (A) uniform for all covered issuers; and

12 (B) made in a manner that—

13 (i) maintains accuracy; and

14 (ii) reduces the unauthorized disclo-
15 sure of information.

16 (c) SALE OF SUBJECT SECURITIES.—

17 (1) PROHIBITIONS.—Except as provided in
18 paragraph (2), no covered person may sell or trans-
19 fer, or divest an economic interest in, any subject se-
20 curity with respect to the covered person, if—

21 (A) during the preceding 1-year period, the
22 applicable covered issuer was required to make
23 a disclosure pursuant to the regulations issued
24 under subsection (b); or

1 (B) fewer than 3 years have elapsed since
2 the covered person was granted the subject se-
3 curity.

4 (2) EXCEPTIONS.—The prohibition under para-
5 graph (1) shall not apply with respect to any of the
6 following:

7 (A) Any subject security sold or trans-
8 ferred by a covered person in connection with a
9 change of control with respect to the applicable
10 covered issuer, including an affiliate of that cov-
11 ered issuer.

12 (B) Any subject security sold or trans-
13 ferred by a covered person through—

14 (i) a will; or

15 (ii) the laws of descent or distribution.

16 (C) Any subject security that a covered
17 person owns or beneficially owns, as of the day
18 before the date of enactment of this Act.

19 (D) Any subject security awarded to the
20 applicable covered person that is immediately
21 withheld by the covered issuer and sold solely
22 for the purposes of meeting a tax obligation of
23 the covered person with respect to the receipt of
24 the subject security.

25 (E) Any sale or transfer—

1 (i) which is made on or after the
2 death of the covered person;

3 (ii) which is made on or after the date
4 on which the covered person becomes dis-
5 abled (within the meaning of section
6 72(m)(7) of the Internal Revenue Code of
7 1986);

8 (iii) which is made pursuant to a do-
9 mestic relations order in settlement of
10 marital property rights;

11 (iv) to the extent the aggregate of
12 such sales and transfers during any tax-
13 able year of the covered person does not
14 exceed the qualified higher education ex-
15 penses (as defined in section 72(t)(7) of
16 such Code) of the covered person for such
17 taxable year;

18 (v) to the extent the proceeds of such
19 sale or transfer are used by the covered
20 person in the time and manner described
21 in section 72(t)(8) of such Code to pay
22 qualified acquisition costs described in
23 such section, subject to the rules of such
24 section including the limitation of subpara-
25 graph (B) thereof; or

1 (vi) to the extent the aggregate of
2 such sales and transfers during any tax-
3 able year of the covered person does not
4 exceed the amount allowable as a deduc-
5 tion under section 213 of such Code to the
6 covered person for amounts paid during
7 such taxable year for medical care (deter-
8 mined without regard to whether the cov-
9 ered person itemizes deductions for such
10 taxable year).

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