

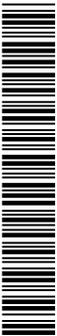
AMENDMENT TO H.R. 3574**OFFERED BY MR. NEY****Option reporting and disclosure**

At the end of the bill add the following new section:

1 **SEC. 4. IMPROVED EMPLOYEE STOCK OPTION TRANS-**
2 **PARENCY AND REPORTING DISCLOSURES.**

3 (a) ENHANCED DISCLOSURES REQUIRED.—Not later
4 than 180 days after the date of enactment of this Act,
5 the Commission shall, by rule, require each issuer filing
6 a periodic report under section 13(a) or 15(d) of the Secu-
7 rities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d) to
8 include in such report more detailed information regarding
9 stock option plans, stock purchase plans, and other ar-
10 rangements involving an employee acquisition of an equity
11 interest in the company. Such information shall include—

12 (1) a discussion, written in “plain English”, in
13 accordance with the Plain English Handbook pub-
14 lished by the Office of Investor Education and As-
15 sistance of the Commission, of the dilutive effect of
16 stock option plans, including tables or graphic illus-
17 trations of such dilutive effects;



1 (2) expanded disclosure of the dilutive effect of
2 employee stock options on the company's earnings
3 per share;

4 (3) prominent placement and increased com-
5 parability and uniformity of all stock option related
6 information;

7 (4) the number of outstanding stock options;

8 (5) the weighted average exercise price of all
9 outstanding stock options; and

10 (6) the estimated number of stock options out-
11 standing that will vest in each year.

12 (b) DEFINITIONS.—As used in this section:

13 (1) COMMISSION.—The term “Commission”
14 means the Securities and Exchange Commission.

15 (2) ISSUER.—The term “issuer” has the mean-
16 ing provided in section 2(a)(7) of the Sarbanes-
17 Oxley Act of 2002 (15 U.S.C. 7201(a)(7)).

18 (3) EQUITY INTEREST.—The term “equity in-
19 terest” includes common stock, preferred stock,
20 stock appreciation rights, phantom stock, and any
21 other security that replicates the investment charac-
22 teristics of such securities, and any right or option
23 to acquire any such security.

