

Mahoney, Castle Introduce Legislation to Increase Transparency for Investors -- June 6, 2007

Washington, DC - Congressman Tim Mahoney (D-FL) and Congressman Michael Castle (R-DE) today introduced a bill to increase transparency so that the companies and the public know how large shareholders are casting their proxy votes. Specifically, the legislation would amend the Securities and Exchange Act of 1934 to require the disclosure of proxy votes relating to executive and director compensation by beneficial owners of more than 5 percent of a company's shares. In addition, the bill requires large shareholders to provide a description of the relationship between themselves, the issuer of the stock, and any other large shareholders.

"By requiring large shareholders to disclose votes on executive and director compensation as well as information on the nature of their relationships with other shareholders, this legislation will provide individuals, investors, and publicly traded companies with increased transparency and information about activities that can affect a company's future," said Congressman Tim Mahoney.

"Public company equity is substantially in the hands of intermediaries, like retirement plans and mutual funds, who manage the investments on behalf of others. This legislation will increase transparency in proxy votes and shed light on how large shareholders view compensation packages," said Congressman Michael Castle.

In April, the House of Representatives passed H.R. 1257, the Shareholder Vote on Executive Compensation Act. The bill requires that public companies have an annual nonbinding advisory vote on their company's executive compensation plans. The Mahoney-Castle legislation strikes a balance with H.R. 1257 by providing management and the investment community with transparency as to who the large shareholders are, what their relationships are to one another, and their view of executive compensation at a specific public company.

Both Congressman Mahoney and Congressman Castle are members of the House Financial Services Committee, which oversees all components of the nation's housing and financial services sectors including banking, insurance, real estate, public and assisted housing, and securities.

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