

4. **AN AMENDMENT IN THE NATURE OF A
SUBSTITUTE TO BE OFFERED BY
REPRESENTATIVE KANJORSKI OF
PENNSYLVANIA, OR HIS DESIGNEE.**

DEBATABLE FOR 20 MINUTES:

2

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3574, AS REPORTED
OFFERED BY MR. KANJORSKI**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the "Accounting Standards
3 Integrity Act".

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) The Securities and Exchange Commission
7 has broad authority to prescribe accounting stand-
8 ards applicable to issuers of publicly traded securi-
9 ties, and generally has relied on the Financial Ac-
10 counting Standards Board to establish generally ac-
11 cepted accounting standards for private sector busi-
12 nesses.

13 (2) Objective accounting standards are essential
14 to the efficient functioning of the economy and the
15 capital markets, as investors, creditors, analysts,
16 auditors, and others rely on credible, transparent,
17 and comparable results of operations in making deci-
18 sions regarding the allocation of capital.



1 (3) Congress recently acknowledged the impor-
2 tance of the accounting standard-setting process to
3 our capital markets and strengthened the the Finan-
4 cial Accounting Standards Board's independence as
5 part of the Sarbanes-Oxley Act of 2002, which
6 passed the House of Representatives and the Senate
7 by votes of 423-3 and 99-0, respectively.

8 (4) Congress, in the Sarbanes-Oxley Act of
9 2002, also recognized the importance of the conver-
10 gence of United States and international accounting
11 standards on high quality accounting standards.

12 (5) The United States capital markets enjoy a
13 competitive advantage as a result of the high quality
14 and integrity of our financial reporting system and
15 the accounting standards that underlie it and would
16 lose that advantage over foreign markets if our ac-
17 counting standards and policies are considered less
18 than objective.

19 (6) Investors benefit from independent and fair
20 accounting standards that are free from undue polit-
21 ical interference.

22 (7) The rulemaking authority and credibility of
23 the Financial Accounting Standards Board may be
24 irreparably damaged by legislation that preempts the
25 existing public and fair deliberative process.



1 (8) The Securities and Exchange Commission
2 of the United States has the ultimate authority over
3 the content and process for setting standards for
4 issuers of publicly traded securities.

5 **SEC. 3. SENSE OF THE CONGRESS.**

6 It is the sense of Congress that—

7 (1) preserving the integrity of the accounting
8 standard-setting process and the independence of the
9 Financial Accounting Standards Board is crucial to
10 the functioning and transparency of the financial re-
11 porting systems and capital markets of the United
12 States; and

13 (2) the Securities and Exchange Commission
14 should be permitted to recognize or adopt new ac-
15 counting standards without Congress or other par-
16 ties intervening in the process before it is completed
17 to override or delay recognition of those standards.

18 **SEC. 4. SECURITIES AND EXCHANGE COMMISSION MAN-**
19 **DATE.**

20 Consistent with its established procedures, the Secu-
21 rities and Exchange Commission shall—

22 (1) oversee the process of accounting standard-
23 setting to ensure a process that assures that all of
24 the comments, concerns, and recommendations gath-
25 ered during the comment period on any proposal re-



1 garding equity-based compensation are subject to
2 appropriate review; and

3 (2) before a final standard is adopted, ensure
4 that any modifications are made that are appro-
5 priate for the purposes of adopting the highest qual-
6 ity accounting standards that will best serve the pur-
7 poses of our financial reporting system and the
8 United States economy as a whole.



108th Congress
2nd Session

H. RES. _____

Providing for consideration of the bill (H.R. 3574) to require the mandatory expensing of stock options granted to executive officers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

July 19, 2004

Mr. Sessions, from the Committee on Rules, reported the following resolution which was referred to the House Calendar and ordered to be printed.

RESOLUTION

Providing for consideration of the bill (H.R. 3574) to require the mandatory expensing of stock options granted to executive officers, and for other purposes.

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 3574) to require the mandatory expensing of stock options granted to executive officers, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment

under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. No amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each such amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against such amendments are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.