US lawmakers seek to give investors more say on pay

*Reuters*
By Rachelle Younglai
January 22, 2010

"The American compensation structure is out of control," said Democratic House Representative Andre Carson.

"I suggest moving beyond a nonbinding vote on executive compensation," he said at a House Financial Services Committee hearing to examine executive compensation.

The hearing comes as the White House ratchets up its attacks on Wall Street banks with a proposal to rein in their risky activities and a plan to force the firms to pay up to $117 billion to reimburse taxpayers for the bailout.

Democratic Representative Brad Sherman also agreed that shareholders should have a say on executive pay and said it should be a binding vote.

A number of publicly traded companies such as Microsoft Corp (MSFT.O), Apple Inc (AAPL.O) and Verizon Communications (VZ.N) have adopted "say on pay" proposals to give shareholders a nonbinding vote on executive compensation.

Currently, the U.S. Securities and Exchange Commission does not have the power to impose such rules, but its chairman, Mary Schapiro, has said she would support say on pay for all publicly traded companies.

Lucian Bebchuk, a Harvard Law School professor, told the House panel that giving shareholders say on pay was only part of the reform of shareholder rights that is necessary.

The Financial Services Forum, which represents the CEOs of the largest financial firms, has said it agrees with the White House that the personal incentives of executives should be aligned with the firm's long-term performance and safety and soundness.

(Reporting by Rachelle Younglai; Editing by Phil Berlowitz)