
The American Recovery and Reinvestment Act of 2009 - Executive Compensation and Corporate Governance Provisions

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On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (the "Act") authorizing increased governmental spending and tax relief in an effort to preserve and create jobs and promote economic recovery. The Act also amends Section 111 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5221) (the "EESA") and thereby strengthens and increases requirements related to executive compensation and corporate governance for entities which receive financial assistance under the troubled assets relief program (the "TARP"). Below is a summary of the executive compensation and corporate governance provisions contained in the Act. As noted below, many of the details of how the Act is actually to be applied are broadly stated and, therefore, regulations and other guidance from the Secretary of the Treasury (the "Secretary") will be needed in order to understand more precisely how the Act is to be given practical effect.