

REVENUE: No revenue impact

FISCAL: No fiscal impact

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<b>Action:</b>	Do Pass
<b>Vote:</b>	5 - 0 - 1
<b>Yeas:</b>	Edwards, Girod, Monroe, Starr, Thomsen
<b>Nays:</b>	0
<b>Exc.:</b>	Beyer
<b>Prepared By:</b>	Patrick Brennan, Administrator
<b>Meeting Dates:</b>	5/7

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**WHAT THE MEASURE DOES:** Allows board of directors of corporation to delegate to officers authority to identify who will receive equity compensation awards and to determine terms of awards. Specifies that officers may not identify themselves or other persons that board identifies as ineligible to receive awards.

**ISSUES DISCUSSED:**

- Clarifies authority to delegate authority
- Officers often more familiar with lower-level employees than board members
- No change to fiduciary duties of boards

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** It is common for corporations to award forms of equity compensation to their employees. Board members may not be comfortable determining who below the senior officer level should receive awards, or how large those awards may be; as a result, some Oregon corporations have expressed a desire to delegate the administration of board-approved equity awards. Current law regarding the authority to delegate this function is not entirely clear. If a court were to interpret the law as not allowing delegation, some employees could find their equity compensation awards invalidated.

House Bill 2566 clarifies that a board may delegate to officers the authority to grant equity compensation awards within parameters established by the board.