119TH CONGRESS
2D SESSION

H. R. ____

To prohibit issuers of registered securities and large private employers from repurchasing their own equity securities during and after any reduction in force, to require codetermination, prevailing wages, and full pension funding as preconditions for any other repurchase, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

[Date], 2026

Mr. DYCHES (for himself) introduced the following bill; which was referred jointly to the Committee on Financial Services, the Committee on Education and the Workforce, and the Committee on Ways and Means

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A BILL

To establish a 4-quarter prohibition on the repurchase by an issuer of its own equity securities following any reduction in force or mass layoff, to extend the prohibition to large private employers and Federal contractors, to require codetermination through worker representation on corporate boards, prevailing wages, and full pension funding as preconditions for any other repurchase, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Workers Before Buybacks Act of 2026”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

Sec. 3. Definitions.

Sec. 4. Layoff lockout; 4-quarter prohibition on repurchases following reduction in force.

Sec. 5. Conditional prohibition on repurchases.

Sec. 6. Preconditions for permitted repurchases.

Sec. 7. Federal contractor prohibition.

Sec. 8. Penalties and clawback.

Sec. 9. Enforcement.

Sec. 10. Severability.

Sec. 11. Effective date.

SEC. 2. FINDINGS.

Congress finds the following:

(1) From the enactment of the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) until 1982, the repurchase by an issuer of its own equity securities was generally treated as a form of market manipulation prohibited by section 9 of that Act (15 U.S.C. 78i). The Securities and Exchange Commission, by Rule 10b–18 (17 C.F.R. § 240.10b–18), created an administrative safe harbor that has permitted such repurchases for the past four decades.

(2) In the four decades following the promulgation of Rule 10b–18, the volume of issuer stock repurchases has increased from negligible levels to approximately $1 trillion annually. In 2024 alone, S&P 500 companies executed approximately $943 billion in repurchases.

(3) Numerous publicly traded corporations have, in the same fiscal periods, executed multibillion-dollar repurchases of their own securities while imposing layoffs,

freezing wages, terminating defined-benefit pension plans, underfunding pension obligations to retirees, and increasing employee health-care contribution levels.

(4) The Worker Adjustment and Retraining Notification Act (29 U.S.C. 2101 et seq.) requires advance notice of mass layoffs but imposes no restriction on capital distributions to shareholders by an employer engaged in such a layoff. Workers are accordingly subject to the dislocation of a layoff while shareholders simultaneously receive capital returned by the same enterprise.

(5) A significant share of executive compensation in publicly traded corporations is denominated in stock options, restricted stock, and performance shares whose value is directly affected by share price, creating a structural incentive for executives to authorize repurchases that benefit themselves at the expense of long-term enterprise value and the workforce.

(6) The Federal Republic of Germany, the Republic of Austria, the Kingdom of Sweden, the Kingdom of Norway, and the Kingdom of Denmark each provide for varying forms of statutory worker representation on the supervisory boards of large corporations (commonly referred to as “codetermination”), and each maintains a globally competitive industrial economy under such arrangements.

(7) Congress retains constitutional authority under Article I, section 8, clauses 1 and 3 of the Constitution to regulate the conduct of issuers of registered securities, large private employers, and Federal contractors, including by conditioning the lawfulness of capital distributions on compliance with workforce-protection requirements.

SEC. 3. DEFINITIONS.

In this Act:

(1) **COVERED EMPLOYER.—**The term “covered employer” means—

(A)any issuer (as defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c)) the securities of which are registered under section 12 of such Act

(15 U.S.C. 78l) or that is required to file reports under section 15(d) of such Act (15 U.S.C. 78o(d)) (a “covered issuer”); or

(B)any other employer that employed not fewer than 500 employees in the United States (excluding part-time employees and counting employees of any parent, subsidiary, or commonly controlled entity on an aggregated basis) on the first day of the most recent calendar quarter (a “covered private employer”) and that has issued any equity security.

(2) **STOCK REPURCHASE.—**The term “stock repurchase” means any acquisition by a covered employer, or by any affiliate of such covered employer, of any equity security issued by such covered employer, including—

(A)an open market repurchase;

(B)a tender offer or exchange offer for the issuer’s own securities;

(C)a privately negotiated repurchase;

(D)an accelerated share repurchase, structured forward, or other derivative transaction the principal purpose or effect of which is to reduce the issuer’s outstanding equity float; and

(E)any series of such transactions undertaken with a common purpose.

(3) **REDUCTION IN FORCE.—**The term “reduction in force” means any termination, layoff, mass termination, or material reduction of hours or compensation affecting—

(A)50 or more employees of a covered employer in any rolling 90-day period;

(B)an employment loss covered under section 3 of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102); or

(C)any employee of a covered employer where an artificial intelligence system has been deployed, contracted for, or scheduled for deployment to perform, in whole or in substantial part, the functions previously performed by such employee, as such conduct is defined in the Workers AI Protection Act of 2026.

(4) **CODETERMINED BOARD.—**The term “codetermined board” means a board of directors of a covered employer in which not less than 33 percent of the seats are held by directors who are—

(A)current employees of the covered employer or any subsidiary thereof, other than executive officers; and

(B)elected by the non-supervisory employees of the covered employer and its subsidiaries by secret ballot, conducted under procedures established by the National Labor Relations Board, with each employee entitled to one vote regardless of position, tenure, or compensation.

(5) **PREVAILING WAGE STANDARD.—**The term “prevailing wage standard” means a compensation policy under which—

(A)no employee or independent contractor of the covered employer or any subsidiary or affiliate thereof, including any employee of any entity providing labor services to the covered employer through a temporary staffing agency or similar arrangement, receives compensation at a rate less than $25 per hour, adjusted annually for inflation as measured by the Consumer Price Index for All Urban Consumers; and

(B)the ratio of the total annual compensation of the highest-paid executive officer to the median annual compensation of all employees of the covered employer does not exceed 50 to 1.

(6) **FULL PENSION FUNDING.—**The term “full pension funding” means that—

(A)every defined-benefit pension plan sponsored by the covered employer or any controlled group member is funded at not less than 100 percent of the present value of accrued benefits, as determined under section 303 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1083); and

(B) the covered employer has not, within the preceding 10 years, terminated, frozen, transferred to a non-affiliated insurer through a pension risk transfer, or reduced the accrued benefits of any defined-benefit pension plan.

(7) **FEDERAL CONTRACTOR.—**The term “Federal contractor” means any person, including any subsidiary or affiliate, that is party to one or more contracts with the Federal Government with an aggregate value exceeding $10,000,000 in the preceding 5-year period, or that has received Federal grants, loans, loan guarantees, or tax expenditures in the same period of the same aggregate value.

(8) **COMMISSION.—**The term “Commission” means the Securities and Exchange Commission.

SEC. 4. LAYOFF LOCKOUT; 4-QUARTER PROHIBITION ON REPURCHASES FOLLOWING REDUCTION IN FORCE.

(a) IN GENERAL.—It shall be unlawful for any covered employer, or any affiliate of a covered employer, to engage in any stock repurchase during the period beginning on the date of any reduction in force and ending 4 fiscal quarters after the last date on which any employee subject to such reduction in force is separated from employment.

(b) NO EXCEPTIONS.—The prohibition under subsection (a) shall apply—

(1) without regard to whether the covered employer is in compliance with the preconditions specified in section 6;

(2) without regard to whether the proposed repurchase had been authorized prior to the reduction in force;

(3) without regard to whether the covered employer asserts that the reduction in force was undertaken for reasons unrelated to the proposed repurchase; and

(4) without regard to whether dividends, executive compensation, or other capital distributions are being made or have been made during the same period.

(c) BOARD CERTIFICATION.—Before any repurchase by a covered employer, the board of directors shall certify in writing, in a filing with the Commission for a covered issuer or with the Department of Labor for a covered private employer, that the covered employer has not undertaken any reduction in force within the preceding 4 fiscal quarters. A false certification under this subsection shall be a violation of this Act.

(d) PRESUMPTION.—Where a covered employer executes a stock repurchase and a reduction in force occurs within 4 fiscal quarters thereafter, the reduction in force shall be presumed to have been undertaken to fund the repurchase, and the covered employer shall be subject to the penalties under section 8 unless the covered employer demonstrates, by clear and convincing evidence, that the reduction in force was necessary to avoid the insolvency of the covered employer and that no commercially reasonable alternative existed.

SEC. 5. CONDITIONAL PROHIBITION ON REPURCHASES.

(a) IN GENERAL.—Outside the lockout period established under section 4, it shall be unlawful for any covered employer, or any affiliate of a covered employer, to engage in any stock repurchase unless the covered employer satisfies the preconditions of section 6 and the limitations of section 6(c).

(b) ANTI-EVASION.—The prohibitions under sections 4 and 5(a) shall apply to any transaction or series of transactions the purpose or effect of which is to reduce the outstanding equity float of a covered employer, regardless of the form, jurisdiction, or accounting treatment of such transaction. The Commission shall promulgate rules to prevent evasion of this section, including rules addressing—

(1) the use of foreign subsidiaries, special-purpose entities, or other intermediary structures;

(2) the use of derivative instruments, including forwards, swaps, and options, that have the economic effect of a repurchase;

(3) the use of dividend recapitalizations or extraordinary distributions structured to replicate the per-share earnings effect of a repurchase; and

(4) the use of share class consolidations or restructurings the principal effect of which is to reduce the public float.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to prohibit—

(1) the redemption of preferred stock pursuant to its terms as established at issuance, provided no such redemption is undertaken at a price exceeding the redemption price specified at issuance;

(2) the cancellation of fractional shares arising from corporate actions; or

(3) the issuance and contemporaneous cancellation of shares in connection with employee compensation plans, provided no net reduction in outstanding equity float results.

SEC. 6. PRECONDITIONS FOR PERMITTED REPURCHASES.

(a) IN GENERAL.—A covered employer shall be permitted to engage in a stock repurchase only if (1) the covered employer is not within a lockout period under section 4, and (2) the covered employer satisfies all of the requirements of subsection (b), in the manner and to the extent permitted under subsection (c).

(b) PRECONDITIONS.—A covered employer shall be eligible to engage in a stock repurchase only if, on the date of the proposed repurchase and for the entirety of the preceding 24 months—

(1) the covered employer has maintained a codetermined board;

(2) the covered employer has complied with the prevailing wage standard;

(3) the covered employer has maintained full pension funding for every defined-benefit pension plan it sponsors;

(4) the covered employer has not conducted any reduction in force, as that term is defined in section 3;

(5) the covered employer has not received any Federal contract, grant, loan, loan guarantee, or tax expenditure subject to section 7; and

(6) the proposed repurchase has been approved by the affirmative vote of not less than two-thirds of the directors of the codetermined board, including not less than a majority of the directors elected by employees.

(c) AGGREGATE LIMIT.—Even where the preconditions of subsection (b) are satisfied, in no fiscal year shall the aggregate value of stock repurchases by a covered employer exceed the lesser of—

(1) 10 percent of the covered employer's prior-year capital expenditures and research and development expenditures, taken together; or

(2) the amount distributed by the covered employer as ordinary dividends in the same fiscal year.

(d) DISCLOSURE.—Any repurchase undertaken pursuant to this section shall be publicly disclosed not less than 30 days in advance, in a filing with the Commission for a covered issuer or with the Department of Labor for a covered private employer, identifying the proposed price, volume, and timing of the repurchase, accompanied by a certification by the chief executive officer, the chief financial officer, and the chair of the codetermined board that all preconditions of subsection (b) and the limit of subsection (c) have been satisfied.

SEC. 7. FEDERAL CONTRACTOR PROHIBITION.

(a) ABSOLUTE PROHIBITION.—It shall be unlawful for any Federal contractor, including any covered employer that is also a Federal contractor and any non-public Federal contractor that has issued equity securities, to engage in any stock repurchase. The exceptions and conditions under sections 5 and 6 shall not apply to any Federal contractor.

(b) DURATION.—The prohibition under subsection (a) shall apply for the duration of any contract, grant, loan, loan guarantee, or tax expenditure described in section 3, and for a period of 5 years following the conclusion of all such arrangements.

(c) CONTRACT TERMINATION.—Any Federal contract, grant, loan, loan guarantee, or tax expenditure entered into with a Federal contractor that violates subsection (a) shall be subject to termination for default, recovery of all amounts paid, and 5-year debarment from further Federal contracting.

SEC. 8. PENALTIES AND CLAWBACK.

(a) DISGORGEMENT.—Any covered employer that engages in a stock repurchase in violation of this Act shall disgorge to the Treasury of the United States an amount equal to the aggregate value of the repurchase, together with interest at the rate established under section 6621 of the Internal Revenue Code of 1986.

(b) CIVIL PENALTY.—In addition to disgorgement under subsection (a), any covered employer that violates this Act shall be subject to a civil penalty in an amount equal to three times the aggregate value of the repurchase.

(c) EXECUTIVE COMPENSATION CLAWBACK.—Section 10D of the Securities Exchange Act of 1934 (15 U.S.C. 78j–4) is amended by adding at the end the following new subsection:

> “(d) STOCK REPURCHASE CLAWBACK.—Each issuer shall recover from any current or former executive officer all incentive-based compensation received during the 5-year period preceding the date on which the issuer is determined, by final order of the Commission or final judgment of a court of competent jurisdiction, to have engaged in a stock repurchase in violation of the Workers Before Buybacks Act of 2026, where such compensation was determined, in whole or in part, by reference to financial metrics affected by the repurchase.”

(d) PERSONAL LIABILITY OF DIRECTORS.—Each director of a covered employer who voted to approve a stock repurchase in violation of this Act shall be jointly and severally liable for the disgorgement and penalty obligations of the covered employer under this section, except that any director who is an employee director under section 3(4)(B) shall not be liable under this subsection unless such director affirmatively voted in favor of the repurchase.

(e) CRIMINAL SANCTIONS.—Any officer of a covered employer who willfully causes a covered employer to engage in a stock repurchase in violation of this Act, or who willfully files a false certification under section 4(c) or section 6(d), shall be fined under title 18, United States Code, imprisoned for not more than 5 years, or both.

SEC. 9. ENFORCEMENT.

(a) DUAL JURISDICTION.—The Commission shall have primary responsibility for enforcement of this Act with respect to covered issuers, and the Secretary of Labor shall have primary responsibility for enforcement of this Act with respect to covered private employers. The Commission and the Secretary shall promulgate rules to implement this Act not later than 180 days after the date of enactment, and shall coordinate enforcement to avoid duplicative proceedings.

(b) ATTORNEY GENERAL.—The Attorney General is authorized to bring civil and criminal actions to enforce this Act.

(c) PRIVATE RIGHT OF ACTION.—Any shareholder of a covered employer, any current or former employee of a covered employer, any participant or beneficiary of a pension plan sponsored by a covered employer, or any State or local government pension fund holding securities of a covered employer may bring a derivative or direct civil action in any United States district court of competent jurisdiction to enforce this Act, with reasonable attorneys' fees and costs available to a prevailing plaintiff.

(d) NO PREEMPTION OF STATE LAW.—Nothing in this Act shall be construed to preempt any State law that imposes additional requirements on, or further restricts, stock repurchases by issuers or employers organized or doing business in such State.

(e) ANTI-RETALIATION.—It shall be unlawful for any covered employer to discharge, demote, suspend, threaten, harass, or in any other manner discriminate against any employee, employee director, or other person for providing information, assisting in any investigation, or testifying in any proceeding under this Act.

SEC. 10. SEVERABILITY.

If any provision of this Act, or the application of such provision to any person or circumstance, is held to be unconstitutional, the remainder of this Act, and the application of the provision to any other person or circumstance, shall not be affected thereby.

SEC. 11. EFFECTIVE DATE.

(a) IN GENERAL.—This Act shall take effect on the date that is 180 days after the date of enactment of this Act.

(b) PENDING REPURCHASE PROGRAMS.—Any stock repurchase program authorized by the board of directors of a covered employer prior to the date of enactment of this Act, but not fully executed as of the effective date, shall be terminated as of the effective date, and any further repurchases under such program shall be unlawful unless the covered employer satisfies the requirements of sections 4, 5, and 6.

(c) TRANSITION RULE.—Notwithstanding subsection (a), the Federal contractor prohibition under section 7 shall take effect on the date of enactment of this Act.