

117TH CONGRESS
1ST SESSION

H. R. 5795

To amend the Securities Exchange Act of 1934 to allow for the registration of venture exchanges, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 1, 2021

Mr. EMMER (for himself and Mr. PANETTA) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To amend the Securities Exchange Act of 1934 to allow for the registration of venture exchanges, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Main Street Growth
5 Act”.

6 **SEC. 2. VENTURE EXCHANGES.**

7 (a) SECURITIES EXCHANGE ACT OF 1934.—Section
8 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f)
9 is amended by adding at the end the following:

10 “(m) VENTURE EXCHANGE.—

1 “(1) REGISTRATION.—

2 “(A) IN GENERAL.—A person may register
3 themselves (and a national securities exchange
4 may register a listing tier of such exchange) as
5 a national securities exchange solely for the
6 purposes of trading venture securities by filing
7 an application with the Commission pursuant to
8 subsection (a) and the rules and regulations
9 thereunder.

10 “(B) PUBLICATION OF NOTICE.—The
11 Commission shall, upon the filing of an applica-
12 tion under subparagraph (A), publish notice of
13 such filing and afford interested persons an op-
14 portunity to submit written data, views, and ar-
15 guments concerning such application.

16 “(C) APPROVAL OR DENIAL.—

17 “(i) IN GENERAL.—Within 90 days of
18 the date of publication of a notice under
19 subparagraph (B) (or within such longer
20 period as to which the applicant consents),
21 the Commission shall—

22 “(I) by order grant such registra-
23 tion; or

1 “(II) institute a denial pro-
2 ceeding under clause (ii) to determine
3 whether registration should be denied.

4 “(ii) DENIAL PROCEEDING.—A pro-
5 ceeding under clause (i)(II) shall include
6 notice of the grounds for denial under con-
7 sideration and opportunity for hearing and
8 shall be concluded within 180 days of the
9 date of the publication of a notice under
10 subparagraph (B). At the conclusion of
11 such proceeding the Commission, by order,
12 shall grant or deny such registration. The
13 Commission may extend the time for con-
14 clusion of such proceeding for up to 90
15 days if the Commission finds good cause
16 for such extension and publishes the Com-
17 mission’s reasons for so finding or for such
18 longer period as to which the applicant
19 consents.

20 “(iii) CRITERIA FOR APPROVAL OR
21 DENIAL.—The Commission shall grant a
22 registration under this paragraph if the
23 Commission finds that the requirements of
24 this title and the rules and regulations
25 thereunder with respect to the applicant

1 are satisfied. The Commission shall deny
2 such registration if it does not make such
3 finding.

4 “(2) POWERS AND RESTRICTIONS.—In addition
5 to the powers and restrictions otherwise applicable
6 to a national securities exchange, a venture ex-
7 change—

8 “(A) may only constitute, maintain, or pro-
9 vide a market place or facilities for bringing to-
10 gether purchasers and sellers of venture securi-
11 ties;

12 “(B) may not extend unlisted trading
13 privileges to any venture security;

14 “(C) may only, if the venture exchange is
15 a listing tier of another national securities ex-
16 change, allow trading in securities that are reg-
17 istered under section 12(b) on a national securi-
18 ties exchange other than a venture exchange;
19 and

20 “(D) may, subject to the rule filing process
21 under section 19(b)—

22 “(i) determine the increment to be
23 used for quoting and trading venture secu-
24 rities on the exchange; and

1 “(ii) choose to carry out periodic auc-
2 tions for the sale of a venture security in-
3 stead of providing continuous trading of
4 the venture security.

5 “(3) TREATMENT OF CERTAIN EXEMPTED SE-
6 CURITIES.—A security that is exempt from registra-
7 tion pursuant to section 3(b) of the Securities Act
8 of 1933 shall be exempt from section 12(a) of this
9 title to the extent such securities are traded on a
10 venture exchange, if the issuer of such security is in
11 compliance with—

12 “(A) all disclosure obligations of such sec-
13 tion 3(b) and the regulations issued under such
14 section; and

15 “(B) ongoing disclosure obligations of the
16 applicable venture exchange that are similar to
17 those provided by an issuer under tier 2 of Reg-
18 ulation A (17 CFR 230.251 et seq.).

19 “(4) VENTURE SECURITIES TRADED ON VEN-
20 TURE EXCHANGES MAY NOT TRADE ON NON-VEN-
21 TURE EXCHANGES.—A venture security may not be
22 traded on a national securities exchange that is not
23 a venture exchange during any period in which the
24 venture security is being traded on a venture ex-
25 change.

1 “(5) RULE OF CONSTRUCTION.—Nothing in
2 this subsection may be construed as requiring trans-
3 actions in venture securities to be effected on a na-
4 tional securities exchange.

5 “(6) COMMISSION AUTHORITY TO LIMIT CER-
6 TAIN TRADING.—The Commission may limit trans-
7 actions in venture securities that are not effected on
8 a national securities exchange as appropriate to pro-
9 mote efficiency, competition, capital formation, and
10 to protect investors.

11 “(7) DISCLOSURES TO INVESTORS.—The Com-
12 mission shall issue regulations to ensure that per-
13 sons selling or purchasing venture securities on a
14 venture exchange are provided disclosures sufficient
15 to understand—

16 “(A) the characteristics unique to venture
17 securities; and

18 “(B) in the case of a venture exchange
19 that is a listing tier of another national securi-
20 ties exchange, that the venture exchange is dis-
21 tinct from the other national securities ex-
22 change.

23 “(8) DEFINITIONS.—For purposes of this sub-
24 section:

25 “(A) EARLY-STAGE, GROWTH COMPANY.—

1 “(i) IN GENERAL.—The term ‘early-
2 stage, growth company’ means an issuer—

3 “(I) that has not made any reg-
4 istered initial public offering of any
5 securities of the issuer; and

6 “(II) with a public float of less
7 than or equal to the value of public
8 float required to qualify as a large ac-
9 celerated filer under section 240.12b-
10 2 of title 17, Code of Federal Regula-
11 tions.

12 “(ii) TREATMENT WHEN PUBLIC
13 FLOAT EXCEEDS THRESHOLD.—An issuer
14 shall not cease to be an early-stage, growth
15 company by reason of the public float of
16 such issuer exceeding the threshold speci-
17 fied in clause (i)(II) until the later of the
18 following:

19 “(I) The end of the period of 24
20 consecutive months during which the
21 public float of the issuer exceeds
22 \$2,000,000,000 (as such amount is
23 indexed for inflation every 5 years by
24 the Commission to reflect the change
25 in the Consumer Price Index for All

1 Urban Consumers published by the
2 Bureau of Labor Statistics, setting
3 the threshold to the nearest
4 \$1,000,000).

5 “(II) The end of the 1-year pe-
6 riod following the end of the 24-
7 month period described under sub-
8 clause (I), if the issuer requests such
9 1-year extension from a venture ex-
10 change and the venture exchange
11 elects to provide such extension.

12 “(B) PUBLIC FLOAT.—With respect to an
13 issuer, the term ‘public float’ means the aggre-
14 gate worldwide market value of the voting and
15 non-voting common equity of the issuer held by
16 non-affiliates.

17 “(C) VENTURE SECURITY.—

18 “(i) IN GENERAL.—The term ‘venture
19 security’ means—

20 “(I) securities of an early-stage,
21 growth company that are exempt from
22 registration pursuant to section 3(b)
23 of the Securities Act of 1933;

24 “(II) securities of an emerging
25 growth company; or

1 “(III) securities registered under
2 section 12(b) and listed on a venture
3 exchange (or, prior to listing on a ven-
4 ture exchange, listed on a national se-
5 curities exchange) where—

6 “(aa) the issuer of such se-
7 curities has a public float less
8 than or equal to the value of pub-
9 lic float required to qualify as a
10 large accelerated filer under sec-
11 tion 240.12b-2 of title 17, Code
12 of Federal Regulations; or

13 “(bb) the average daily
14 trade volume is 75,000 shares or
15 less during a continuous 60-day
16 period.

17 “(ii) TREATMENT WHEN PUBLIC
18 FLOAT EXCEEDS THRESHOLD.—Securities
19 shall not cease to be venture securities by
20 reason of the public float of the issuer of
21 such securities exceeding the threshold
22 specified in clause (i)(III)(aa) until the
23 later of the following:

1 “(I) The end of the period of 24
2 consecutive months beginning on the
3 date—

4 “(aa) the public float of
5 such issuer exceeds
6 \$2,000,000,000; and

7 “(bb) the average daily
8 trade volume of such securities is
9 100,000 shares or more during a
10 continuous 60-day period.

11 “(II) The end of the 1-year pe-
12 riod following the end of the 24-
13 month period described under sub-
14 clause (I), if the issuer of such securi-
15 ties requests such 1-year extension
16 from a venture exchange and the ven-
17 ture exchange elects to provide such
18 extension.”.

19 (b) SECURITIES ACT OF 1933.—Section 18 of the Se-
20 curities Act of 1933 (15 U.S.C. 77r) is amended—

21 (1) by redesignating subsection (d) as sub-
22 section (e); and

23 (2) by inserting after subsection (e) the fol-
24 lowing:

1 “(d) TREATMENT OF SECURITIES LISTED ON A VEN-
2 TURE EXCHANGE.—Notwithstanding subsection (b), a se-
3 curity is not a covered security pursuant to subsection
4 (b)(1)(A) if the security is only listed, or authorized for
5 listing, on a venture exchange (as defined under section
6 6(m) of the Securities Exchange Act of 1934).”.

7 (c) SENSE OF CONGRESS.—It is the sense of the Con-
8 gress that the Securities and Exchange Commission
9 should—

10 (1) when necessary or appropriate in the public
11 interest and consistent with the protection of inves-
12 tors, make use of the Commission’s general exemp-
13 tive authority under section 36 of the Securities Ex-
14 change Act of 1934 (15 U.S.C. 78mm) with respect
15 to the provisions added by this section; and

16 (2) if the Commission determines appropriate,
17 create an Office of Venture Exchanges within the
18 Commission’s Division of Trading and Markets.

19 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
20 tion or the amendments made by this section shall be con-
21 strued to impair or limit the construction of the antifraud
22 provisions of the securities laws (as defined in section 3(a)
23 of the Securities Exchange Act of 1934 (15 U.S.C.
24 78c(a))) or the authority of the Securities and Exchange
25 Commission under those provisions.

1 (e) EFFECTIVE DATE FOR TIERS OF EXISTING NA-
2 TIONAL SECURITIES EXCHANGES.—In the case of a secu-
3 rities exchange that is registered as a national securities
4 exchange under section 6 of the Securities Exchange Act
5 of 1934 (15 U.S.C. 78f) on the date of the enactment of
6 this Act, any election for a listing tier of such exchange
7 to be treated as a venture exchange under subsection (m)
8 of such section shall not take effect before the date that
9 is 180 days after such date of enactment.

○