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(Original Signature of Member)

115TH CONGRESS
2D SESSION

H. R.

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

Mr. EMMER introduced the following bill; which was referred to the Committee on _____

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”.

1 **SEC. 2. VENTURE EXCHANGES.**

2 (a) SECURITIES EXCHANGE ACT OF 1934.—Section
3 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f)
4 is amended by adding at the end the following:

5 “(m) VENTURE EXCHANGE.—

6 “(1) REGISTRATION.—

7 “(A) IN GENERAL.—A national securities
8 exchange may elect to be treated (or for a list-
9 ing tier of such exchange to be treated) as a
10 venture exchange—

11 “(i) by notifying the Commission of
12 such election at the time the exchange ap-
13 plies to be registered as a national securi-
14 ties exchange; or

15 “(ii) after registering as a national se-
16 curities exchange, by submitting such elec-
17 tion as a proposed rule change, as de-
18 scribed under section 19(b).

19 “(B) DETERMINATION TIME PERIOD.—
20 With respect to a securities exchange electing to
21 be treated (or for a listing tier of such exchange
22 to be treated) as a venture exchange—

23 “(i) at the time the exchange applies
24 to be registered as a national securities ex-
25 change, such application and election shall
26 be deemed to have been approved by the

1 Commission unless the Commission denies
2 such application before the end of the 6-
3 month period beginning on the date the
4 Commission received such application; and
5 “(ii) after registering as a national se-
6 curities exchange, such election shall be
7 deemed to have been approved by the Com-
8 mission unless the Commission denies such
9 approval before the end of the 6-month pe-
10 riod beginning on the date the Commission
11 received notification of such election.

12 “(2) POWERS AND RESTRICTIONS.—A venture
13 exchange—

14 “(A) may only constitute, maintain, or pro-
15 vide a market place or facilities for bringing to-
16 gether purchasers and sellers of venture securi-
17 ties;

18 “(B) may determine the increment to be
19 used for quoting and trading venture securities
20 on the exchange;

21 “(C) may choose to carry out periodic auc-
22 tions for the sale of a venture security instead
23 of providing continuous trading of the venture
24 security; and

1 “(D) may not extend unlisted trading
2 privileges to any venture security.

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

12 “(4) VENTURE SECURITIES TRADED ON VEN-
13 TURE EXCHANGES MAY NOT TRADE ON NON-VEN-
14 TURE EXCHANGES.—A venture security may not be
15 traded on a national securities exchange that is not
16 a venture exchange during any period in which the
17 venture security is being traded on a venture ex-
18 change.

19 “(5) RULE OF CONSTRUCTION.—Nothing in
20 this subsection may be construed as requiring trans-
21 actions in venture securities to be effected on a na-
22 tional securities exchange.

23 “(6) 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(b)(1) of
20 the Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is
21 amended—

22 (1) in subparagraph (B), by striking “or” at
23 the end;

24 (2) in subparagraph (C), by striking the period
25 and inserting “; or”; and

1 (3) by adding at the end the following:

2 “(D) a venture security listed on a venture
3 exchange, other than those of an early-stage
4 growth company (as such terms are defined, re-
5 spectively, under section 6(m) of the Securities
6 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.