

[DISCUSSION DRAFT]

117TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to improve the governance of multi-class stock companies, to require issuers to make annual diversity disclosures, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To amend the Securities Exchange Act of 1934 to improve the governance of multi-class stock companies, to require issuers to make annual diversity disclosures, 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 [“ _____ Act
5 of 2021”].

1 **SEC. 2. IMPROVED GOVERNANCE OF MULTI-CLASS STOCK**
2 **COMPANIES.**

3 The Securities Exchange Act of 1934 is amended by
4 inserting after section 19 (15 U.S.C. 78s) the following:

5 **“SEC. 19A. MULTI-CLASS STOCK COMPANIES.**

6 “(a) IN GENERAL.—Not later than 270 days after
7 the date of enactment of this section, the Commission
8 shall issue rules—

9 “(1) to permit an issuer to register multiple
10 classes of shares of stock, even if the voting power
11 of shares in each class of stock is not proportional
12 to the percentage of share ownership among shares
13 of all classes; and

14 “(2) to require the elimination of any distinc-
15 tions between share ownership and voting power of
16 shares described under paragraph (1) no later than
17 the end of the 7-year period following the date of the
18 initial public offering of the issuer, except that such
19 7-year period may be extended for additional 7-year
20 periods if the holders of each class of stock, voting
21 separately and by an affirmative vote of the majority
22 of the shares of each class, approve each such exten-
23 sion.

24 “(b) PROHIBITION ON LISTING SECURITIES OF VIO-
25 LATORS.—A national securities exchange shall prohibit the

1 listing of any security of an issuer who is in violation of
2 the rules issued pursuant to subsection (a).”.

3 **SEC. 3. SUBMISSION OF DATA RELATING TO DIVERSITY BY**
4 **ISSUERS.**

5 (a) IN GENERAL.—Section 13 of the Securities Ex-
6 change Act of 1934 (15 U.S.C. 78m) is amended by add-
7 ing at the end the following:

8 “(s) SUBMISSION OF DATA RELATING TO DIVER-
9 SITY.—

10 “(1) DIVERSITY DISCLOSURE.—Each issuer re-
11 quired to file an annual report under subsection (a)
12 shall include in such report the following:

13 “(A) Data, based on voluntary self-identi-
14 fication, on the racial, ethnic, and gender com-
15 position of—

16 “(i) the board of directors of the
17 issuer;

18 “(ii) nominees for the board of direc-
19 tors of the issuer; and

20 “(iii) the executive officers of the
21 issuer.

22 “(B) The status of any member of the
23 board of directors of the issuer, any nominee
24 for the board of directors of the issuer, or any
25 executive officer of the issuer, based on vol-

1 untary self-identification, as a veteran, disabled,
2 or LGBTQ+.

3 “(C) Data on any policy, plan, or strategy
4 adopted by the board of directors of the issuer,
5 or any committee of the board of directors, to
6 promote racial, ethnic, and gender diversity
7 among—

8 “(i) the board of directors of the
9 issuer;

10 “(ii) nominees for the board of direc-
11 tors of the issuer; or

12 “(iii) the executive officers of the
13 issuer.

14 “(2) PROHIBITION ON LISTING SECURITIES OF
15 VIOLATORS.—A national securities exchange shall
16 prohibit the listing of any security of an issuer who
17 is in violation of this subsection.

18 “(3) DEFINITIONS.—In this subsection—

19 “(A) the term ‘executive officer’ has the
20 meaning given the term in section 230.501(f) of
21 title 17, Code of Federal Regulations, as in ef-
22 fect on the date of enactment of this subsection;

23 “(B) the term ‘veteran’ has the meaning
24 given the term in section 101 of title 38, United
25 States Code;

1 the protection of investors or to promote fair cor-
2 porate suffrage.

3 “(2) PROHIBITION ON LISTING SECURITIES OF
4 VIOLATORS.—A national securities exchange shall
5 prohibit the listing of any security of an issuer who
6 is in violation of a rule issued pursuant to this sub-
7 section.”.