

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 4790  
OFFERED BY MR. CASTLE**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the "Shareholder Protection  
3 Act of 2010".

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) Corporations make significant political con-  
7 tributions and expenditures that directly or indi-  
8 rectly influence the election of candidates and sup-  
9 port or oppose political causes. Decisions to use cor-  
10 porate funds for political contributions and expendi-  
11 tures are usually made by corporate boards and ex-  
12 cutives, rather than shareholders.

13 (2) Corporations, acting through their boards  
14 and executives, are obligated to conduct business for  
15 the best interests of their owners, the shareholders.

16 (3) Historically, shareholders have not had a  
17 way to know, or to influence, the political activities  
18 of corporations they own. Shareholders and the pub-

1       lic have a right to know how corporations are spend-  
2       ing their funds to make political contributions or ex-  
3       penditures benefitting candidates, political parties,  
4       and political causes.

5       **SEC. 3. REPORTING REQUIREMENTS.**

6       Section 13 of the Securities Exchange Act of 1934  
7       (15 U.S.C. 78m) is amended by adding at the end the  
8       following:

9       “(p) REPORTING REQUIREMENTS RELATING TO  
10      CERTAIN POLITICAL EXPENDITURES.—

11       “(1) IN GENERAL.—Not later than 180 days  
12      after the date of enactment of this subsection, the  
13      Commission shall modify its reporting rules under  
14      this section to require issuers to disclose quarterly  
15      any expenditure for political activities made during  
16      the preceding quarter. Such a report shall be filed  
17      with the Commission and provided to shareholders  
18      and shall include—

19               “(A) the date of the expenditures;

20               “(B) the amount of the expenditures;

21               “(C) the name or identity of the candidate,  
22      political party, committee, or electioneering  
23      communication, as such term is defined in sec-  
24      tion 304(f)(3)(A) of the Federal Election Cam-  
25      paign Act of 1971 (2 U.S.C. 434(f)(3)(A)); and

1           “(D) if the expenditures were made for or  
2           against a candidate, including an electioneering  
3           communication, the office sought by the can-  
4           didate and the political party affiliation of the  
5           candidate.

6           “(2) PUBLIC AVAILABILITY.—The Commission  
7           shall ensure that, to the greatest extent practicable,  
8           the quarterly reports required by this subsection are  
9           publicly available through the Commission website in  
10          a manner that is searchable, sortable, and  
11          downloadable, consistent with the requirements of  
12          section 24.

13          “(3) DEFINITION OF EXPENDITURE FOR POLIT-  
14          ICAL ACTIVITIES.—As used in this subsection—

15                 “(A) the term ‘expenditure for political ac-  
16                 tivities’ means—

17                         “(i) an independent expenditure, as  
18                         such term is defined in section 301(17) of  
19                         the Federal Election Campaign Act of  
20                         1971 (2 U.S.C. 431(17)); or

21                         “(ii) contributions to any political  
22                         party, committee, or electioneering commu-  
23                         nication, as such term is defined in section  
24                         304(f)(3)(A) of the Federal Election Cam-

1                   paign Act of 1971 (2 U.S.C. 434(f)(3)(A));

2                   and

3                   “(B) such term shall not include—

4                   “ (i) dues or other payments to trade  
5                   associations or other tax exempt organiza-  
6                   tions;

7                   “ (ii) direct lobbying efforts through  
8                   registered lobbyists employed or hired by  
9                   the issuer;

10                  “ (iii) communications by an issuer to  
11                  its shareholders and executive or adminis-  
12                  trative personnel and their families; or

13                  “ (iv) the establishment, administra-  
14                  tion, and solicitation of contributions to a  
15                  separate segregated fund to be utilized for  
16                  political purposes by a corporation.”.

17 **SEC. 4. REPORT.**

18                  The Comptroller General of the United States shall  
19                  annually conduct a study on the compliance with the re-  
20                  quirements of this Act by public corporations and their  
21                  management, as well as the effectiveness of the Securities  
22                  and Exchange Commission in meeting the reporting and  
23                  disclosure requirements of this Act. Not later than April

5.

- 1 1 of each year, the Comptroller General shall submit to
- 2 Congress a report of such study.

