

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4638
OFFERED BY MR. GARRETT OF NEW JERSEY**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Main Street Growth
3 Act”.

4 SEC. 2. VENTURE EXCHANGES.

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

8 “(m) VENTURE EXCHANGE.—

9 “(1) REGISTRATION.—

10 “(A) IN GENERAL.—A national securities
11 exchange may elect to be treated (or for a list-
12 ing tier of such exchange to be treated) as a
13 venture exchange by notifying the Commission
14 of such election, either at the time the exchange
15 applies to be registered as a national securities
16 exchange or after registering as a national secu-
17 rities exchange.

1 “(B) DETERMINATION TIME PERIOD.—

2 With respect to a securities exchange electing to
3 be treated (or for a listing tier of such exchange
4 to be treated) as a venture exchange—

5 “(i) at the time the exchange applies
6 to be registered as a national securities ex-
7 change, such application and election shall
8 be deemed to have been approved by the
9 Commission unless the Commission denies
10 such application before the end of the 6-
11 month period beginning on the date the
12 Commission received such application; and

13 “(ii) after registering as a national se-
14 curities exchange, such election shall be
15 deemed to have been approved by the Com-
16 mission unless the Commission denies such
17 approval before the end of the 6-month pe-
18 riod beginning on the date the Commission
19 received notification of such election.

20 “(2) POWERS AND RESTRICTIONS.—A venture
21 exchange—

22 “(A) may only constitute, maintain, or pro-
23 vide a market place or facilities for bringing to-
24 gether purchasers and sellers of venture securi-
25 ties;

1 “(B) may determine the increment to be
2 used for quoting and trading venture securities
3 on the exchange;

4 “(C) shall disseminate last sale and
5 quotation information on terms that are fair
6 and reasonable and not unreasonably discrimi-
7 natory;

8 “(D) may choose to carry out periodic auc-
9 tions for the sale of a venture security instead
10 of providing continuous trading of the venture
11 security; and

12 “(E) may not extend unlisted trading
13 privileges to any venture security.

14 “(3) EXEMPTIONS FROM CERTAIN NATIONAL
15 SECURITY EXCHANGE REGULATIONS.—A venture ex-
16 change shall not be required to—

17 “(A) comply with any of sections 242.600
18 through 242.612 of title 17, Code of Federal
19 Regulations;

20 “(B) comply with any of sections 242.300
21 through 242.303 of title 17, Code of Federal
22 Regulations;

23 “(C) submit any data to a securities infor-
24 mation processor; or

25 “(D) use decimal pricing.

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

10 “(5) DEFINITIONS.—For purposes of this sub-
11 section:

12 “(A) EARLY-STAGE, GROWTH COMPANY.—

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

15 “(I) that has not made an initial
16 public offering of any securities of the
17 issuer; and

18 “(II) with a market capitalization
19 of \$1,000,000,000 (as such amount is
20 indexed for inflation every 5 years by
21 the Commission to reflect the change
22 in the Consumer Price Index for All
23 Urban Consumers published by the
24 Bureau of Labor Statistics, setting

1 the threshold to the nearest
2 \$1,000,000) or less.

3 “(ii) TREATMENT WHEN MARKET
4 CAPITALIZATION EXCEEDS THRESHOLD.—

5 “(I) IN GENERAL.—In the case
6 of an issuer that is an early-stage,
7 growth company the securities of
8 which are traded on a venture ex-
9 change, such issuer shall not cease to
10 be an early-stage, growth company by
11 reason of the market capitalization of
12 such issuer exceeding the threshold
13 specified in clause (i)(II) until the end
14 of the period of 24 consecutive
15 months during which the market cap-
16 italization of such issuer exceeds
17 \$2,000,000,000 (as such amount is
18 indexed for inflation every 5 years by
19 the Commission to reflect the change
20 in the Consumer Price Index for All
21 Urban Consumers published by the
22 Bureau of Labor Statistics, setting
23 the threshold to the nearest
24 \$1,000,000).

1 “(II) EXEMPTIONS.—If an issuer
2 would cease to be an early-stage,
3 growth company under subclause (I),
4 the venture exchange may, at the re-
5 quest of the issuer, exempt the issuer
6 from the market capitalization re-
7 quirements of this subparagraph for
8 the 1-year period that begins on the
9 day after the end of the 24-month pe-
10 riod described in such subclause. The
11 venture exchange may, at the request
12 of the issuer, extend the exemption for
13 1 additional year.

14 “(B) VENTURE SECURITY.—The term
15 ‘venture security’ means—

16 “(i) securities of an early-stage,
17 growth company that are exempt from reg-
18 istration pursuant to section 3(b) of the
19 Securities Act of 1933; and

20 “(ii) securities of an emerging growth
21 company.”.

22 (b) SECURITIES ACT OF 1933.—Section 18(b)(1) of
23 the Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is
24 amended—

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

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

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

6 “(D) a venture security, as defined under
7 section 6(m)(5) of the Securities Exchange Act
8 of 1934.”.

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

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

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

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

1 78c(a))) or the authority of the Securities and Exchange
2 Commission under those provisions.

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

