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(Original Signature of Member)

114TH CONGRESS
1ST SESSION

H. R.

To amend the Securities Exchange Act of 1934 to allow for the creation of venture exchanges to promote liquidity of venture securities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GARRETT 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 creation of venture exchanges to promote liquidity of venture securities, 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 as a venture
9 exchange by notifying the Commission of such
10 election, either at the time the exchange applies
11 to be registered as a national securities ex-
12 change or after registering as a national securi-
13 ties exchange.

14 “(B) DETERMINATION TIME PERIOD.—

15 With respect to a securities exchange selecting
16 to be treated as a venture exchange at the time
17 the exchange applies to be registered as a na-
18 tional securities exchange, such application
19 shall be deemed to have been approved by the
20 Commission unless the Commission denies such
21 application before the end of the 6-month pe-
22 riod beginning on the date the Commission re-
23 ceived such application.

24 “(2) POWERS AND RESTRICTIONS.—A venture
25 exchange—

1 “(A) may only constitute, maintain, or pro-
2 vide a market place or facilities for bringing to-
3 gether purchasers and sellers of venture securi-
4 ties;

5 “(B) shall use an increment of 5 cents or
6 more for quoting and trading venture securities
7 on the exchange;

8 “(C) shall disseminate last sale and
9 quotation information on terms that are fair
10 and reasonable and not unreasonably discrimi-
11 natory;

12 “(D) may choose to carry out periodic auc-
13 tions for the sale of a venture security instead
14 of providing continuous trading of the venture
15 security; and

16 “(E) may not extend unlisted trading
17 privileges to any venture security.

18 “(3) EXEMPTIONS FROM CERTAIN NATIONAL
19 SECURITY EXCHANGE REGULATIONS.—A venture ex-
20 change shall not be required to—

21 “(A) comply with Rule NMS (sections
22 242.600 through 242.612 of title 17, Code of
23 Federal Regulations);

1 “(B) comply with Rule ATS (sections
2 242.300 through 242.303 of title 17, Code of
3 Federal Regulations);

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

6 “(D) use decimal pricing.

7 “(4) DEFINITIONS.—For purposes of this sub-
8 section:

9 “(A) EARLY-STAGE, GROWTH COMPANY.—
10 The term ‘early-stage, growth company’ means
11 an issuer—

12 “(i) that has not made an initial pub-
13 lic offering of any securities of the issuer;
14 and

15 “(ii) with consolidated assets of less
16 than \$2,000,000,000.

17 “(B) VENTURE SECURITY.—The term
18 ‘venture security’ means—

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

23 “(ii) securities of an emerging growth
24 company.”.

1 (b) SECURITIES ACT OF 1933.—Section 18(b)(1) of
2 the Securities Act of 1933 is amended—

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

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

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

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

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

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

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