

.....
(Original Signature of Member)

114TH CONGRESS
2D 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 (or for a list-
9 ing tier of such exchange to be treated) as a
10 venture exchange by notifying the Commission
11 of such election, either at the time the exchange
12 applies to be registered as a national securities
13 exchange or after registering as a national secu-
14 rities exchange.

15 “(B) DETERMINATION TIME PERIOD.—

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

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

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

7 “(B) may determine the increment to be
8 used for quoting and trading venture securities
9 on the exchange;

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

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

18 “(E) may not extend unlisted trading
19 privileges to any venture security.

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

23 “(A) comply with Rule NMS (sections
24 242.600 through 242.612 of title 17, Code of
25 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 “(i) IN GENERAL.—The term ‘early-
11 stage, growth company’ means an issuer—

12 “(I) that has not made an initial
13 public offering of any securities of the
14 issuer; and

15 “(II) with a market capitalization
16 of \$1,000,000,000 or less.

17 “(ii) TREATMENT WHEN MARKET
18 CAPITALIZATION EXCEEDS THRESHOLD.—

19 In the case of an issuer that is an early-
20 stage, growth company the securities of
21 which are traded on a venture exchange,
22 such issuer shall not cease to be an early-
23 stage, growth company by reason of the
24 market capitalization of such issuer ex-
25 ceeding the threshold specified in clause

1 (i)(II) until the end of the period of 12
2 consecutive months during which the mar-
3 ket capitalization of such issuer exceeds
4 \$1,500,000,000.

5 “(B) VENTURE SECURITY.—The term
6 ‘venture security’ means—

7 “(i) securities of an early-stage,
8 growth company that are exempt from reg-
9 istration pursuant to section 3(b) of the
10 Securities Act of 1933; and

11 “(ii) securities of an emerging growth
12 company.”.

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

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

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

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

21 “(D) a venture security, as defined under
22 section 6(m)(4) of the Securities Exchange Act
23 of 1934.”.

1 (c) SENSE OF CONGRESS.—It is the sense of the Con-
2 gress that the Securities and Exchange Commission
3 should—

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

10 (2) if the Commission determines appropriate,
11 create an Office of Venture Exchanges within the
12 Commission’s Division of Trading and Markets.

13 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
14 tion or the amendments made by this section shall be con-
15 strued to impair or limit the construction of the antifraud
16 provisions of the securities laws (as defined in section 3(a)
17 of the Securities Exchange Act of 1934 (15 U.S.C.
18 78c(a))) or the authority of the Securities and Exchange
19 Commission under those provisions.

20 (e) EFFECTIVE DATE FOR TIERS OF EXISTING NA-
21 TIONAL SECURITIES EXCHANGES.—In the case of a secu-
22 rities exchange that is registered as a national securities
23 exchange under section 6 of the Securities Exchange Act
24 of 1934 (15 U.S.C. 78f) on the date of the enactment of
25 this Act, any election for a listing tier of such exchange

- 1 to be treated as a venture exchange under subsection (m)
- 2 of such section shall not take effect before the date that
- 3 is 180 days after such date of enactment.