

[DISCUSSION DRAFT]

117TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Securities Exchange Act of 1934 to improve the governance of multi-class stock companies, and for other purposes.

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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, 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. IMPROVED GOVERNANCE OF MULTI-CLASS**  
4 **STOCK COMPANIES.**

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

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

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

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

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

20 “(b) PROHIBITION ON LISTING SECURITIES OF VIO-  
21 LATORS.—A national securities exchange shall prohibit the  
22 listing of any security of an issuer who is in violation of  
23 the rules issued pursuant to subsection (a).”.

1 **SEC. 2. INVESTOR PROTECTION AND FAIR CORPORATE**  
2 **SUFFRAGE AUTHORITY.**

3 Section 23 of the Securities Exchange Act of 1934  
4 (15 U.S.C. 78w) is amended by adding at the end the fol-  
5 lowing:

6 “(e) INVESTOR PROTECTION AND FAIR CORPORATE  
7 SUFFRAGE AUTHORITY.—

8 “(1) IN GENERAL.—The Commission shall have  
9 the authority to issue such rules and regulations  
10 governing national securities exchanges and national  
11 securities associations as the Commission determines  
12 necessary or appropriate in the public interest for  
13 the protection of investors or to promote fair cor-  
14 porate suffrage.

15 “(2) PROHIBITION ON LISTING SECURITIES OF  
16 VIOLATORS.—A national securities exchange shall  
17 prohibit the listing of any security of an issuer who  
18 is in violation of a rule issued pursuant to this sub-  
19 section.”.