

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 5877  
OFFERED BY MR. EMMER OF MINNESOTA**

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 person may register  
11 themselves (and a national securities exchange  
12 may register a listing tier of such exchange) as  
13 a national securities exchange solely for the  
14 purposes of trading venture securities by filing  
15 an application with the Commission pursuant to  
16 subsection (a) and the rules and regulations  
17 thereunder.

1           “(B) PUBLICATION OF NOTICE.—The  
2 Commission shall, upon the filing of an applica-  
3 tion under subparagraph (A), publish notice of  
4 such filing and afford interested persons an op-  
5 portunity to submit written data, views, and ar-  
6 guments concerning such application.

7           “(C) APPROVAL OR DENIAL.—

8           “(i) IN GENERAL.—Within 90 days of  
9 the date of publication of a notice under  
10 subparagraph (B) (or within such longer  
11 period as to which the applicant consents),  
12 the Commission shall—

13                   “(I) by order grant such registra-  
14 tion; or

15                   “(II) institute a denial pro-  
16 ceeding under clause (ii) to determine  
17 whether registration should be denied.

18           “(ii) DENIAL PROCEEDING.—A pro-  
19 ceeding under clause (i)(II) shall include  
20 notice of the grounds for denial under con-  
21 sideration and opportunity for hearing and  
22 shall be concluded within 180 days of the  
23 date of the publication of a notice under  
24 subparagraph (B). At the conclusion of  
25 such proceeding the Commission, by order,

1 shall grant or deny such registration. The  
2 Commission may extend the time for con-  
3 clusion of such proceeding for up to 90  
4 days if the Commission finds good cause  
5 for such extension and publishes the Com-  
6 mission's reasons for so finding or for such  
7 longer period as to which the applicant  
8 consents.

9 “(iii) CRITERIA FOR APPROVAL OR  
10 DENIAL.—The Commission shall grant a  
11 registration under this paragraph if the  
12 Commission finds that the requirements of  
13 this title and the rules and regulations  
14 thereunder with respect to the applicant  
15 are satisfied. The Commission shall deny  
16 such registration if it does not make such  
17 finding.

18 “(2) POWERS AND RESTRICTIONS.—In addition  
19 to the powers and restrictions otherwise applicable  
20 to a national securities exchange, a venture ex-  
21 change—

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 not extend unlisted trading  
2           privileges to any venture security;

3           “(C) may only, if the venture exchange is  
4           a listing tier of another national securities ex-  
5           change, allow trading in securities that are reg-  
6           istered under section 12(b) on a national securi-  
7           ties exchange other than a venture exchange;  
8           and

9           “(D) may, subject to the rule filing process  
10          under section 19(b)—

11           “(i) determine the increment to be  
12           used for quoting and trading venture secu-  
13           rities on the exchange; and

14           “(ii) choose to carry out periodic auc-  
15           tions for the sale of a venture security in-  
16           stead of providing continuous trading of  
17           the venture security.

18          “(3) TREATMENT OF CERTAIN EXEMPTED SE-  
19          CURITIES.—A security that is exempt from registra-  
20          tion pursuant to section 3(b) of the Securities Act  
21          of 1933 shall be exempt from section 12(a) of this  
22          title to the extent such securities are traded on a  
23          venture exchange, if the issuer of such security is in  
24          compliance with—

1           “(A) all disclosure obligations of such sec-  
2           tion 3(b) and the regulations issued under such  
3           section; and

4           “(B) ongoing disclosure obligations of the  
5           applicable venture exchange that are similar to  
6           those provided by an issuer under tier 2 of Reg-  
7           ulation A (17 C.F.R. 230.251 et seq).

8           “(4) VENTURE SECURITIES TRADED ON VEN-  
9           TURE EXCHANGES MAY NOT TRADE ON NON-VEN-  
10          TURE EXCHANGES.—A venture security may not be  
11          traded on a national securities exchange that is not  
12          a venture exchange during any period in which the  
13          venture security is being traded on a venture ex-  
14          change.

15          “(5) RULE OF CONSTRUCTION.—Nothing in  
16          this subsection may be construed as requiring trans-  
17          actions in venture securities to be effected on a na-  
18          tional securities exchange.

19          “(6) COMMISSION AUTHORITY TO LIMIT CER-  
20          TAIN TRADING.—The Commission may limit trans-  
21          actions in venture securities that are not effected on  
22          a national securities exchange as appropriate to pro-  
23          mote efficiency, competition, capital formation, and  
24          to protect investors.

1           “(7) DISCLOSURES TO INVESTORS.—The Com-  
2 mission shall issue regulations to ensure that per-  
3 sons selling or purchasing venture securities on a  
4 venture exchange are provided disclosures sufficient  
5 to understand—

6           “(A) the characteristics unique to venture  
7 securities; and

8           “(B) in the case of a venture exchange  
9 that is a listing tier of another national securi-  
10 ties exchange, that the venture exchange is dis-  
11 tinct from the other national securities ex-  
12 change.

13           “(8) DEFINITIONS.—For purposes of this sub-  
14 section:

15           “(A) EARLY-STAGE, GROWTH COMPANY.—

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

18           “(I) that has not made any reg-  
19 istered initial public offering of any  
20 securities of the issuer; and

21           “(II) with a public float of less  
22 than or equal to the value of public  
23 float required to qualify as a large ac-  
24 celerated filer under section 240.12b—

1                   2 of title 17, Code of Federal Regula-  
2                   tions.

3                   “(ii) TREATMENT WHEN PUBLIC  
4 FLOAT EXCEEDS THRESHOLD.—An issuer  
5 shall not cease to be an early-stage, growth  
6 company by reason of the public float of  
7 such issuer exceeding the threshold speci-  
8 fied in clause (i)(II) until the later of the  
9 following:

10                   “(I) The end of the period of 24  
11 consecutive months during which the  
12 public float of the issuer exceeds  
13 \$2,000,000,000 (as such amount is  
14 indexed for inflation every 5 years by  
15 the Commission to reflect the change  
16 in the Consumer Price Index for All  
17 Urban Consumers published by the  
18 Bureau of Labor Statistics, setting  
19 the threshold to the nearest  
20 \$1,000,000).

21                   “(II) The end of the 1-year pe-  
22 riod following the end of the 24-  
23 month period described under sub-  
24 clause (I), if the issuer requests such  
25 1-year extension from a venture ex-

1 change and the venture exchange  
2 elects to provide such extension.

3 “(B) PUBLIC FLOAT.—With respect to an  
4 issuer, the term ‘public float’ means the aggre-  
5 gate worldwide market value of the voting and  
6 non-voting common equity of the issuer held by  
7 non-affiliates.

8 “(C) VENTURE SECURITY.—

9 “(i) IN GENERAL.—The term ‘venture  
10 security’ means—

11 “(I) securities of an early-stage,  
12 growth company that are exempt from  
13 registration pursuant to section 3(b)  
14 of the Securities Act of 1933;

15 “(II) securities of an emerging  
16 growth company; or

17 “(III) securities registered under  
18 section 12(b) and listed on a venture  
19 exchange (or, prior to listing on a ven-  
20 ture exchange, listed on a national se-  
21 curities exchange) where—

22 “(aa) the issuer of such se-  
23 curities has a public float less  
24 than or equal to the value of pub-  
25 lic float required to qualify as a

1 large accelerated filer under sec-  
2 tion 240.12b-2 of title 17, Code  
3 of Federal Regulations; or

4 “(bb) the average daily  
5 trade volume is 75,000 shares or  
6 less during a continuous 60-day  
7 period.

8 “(ii) TREATMENT WHEN PUBLIC  
9 FLOAT EXCEEDS THRESHOLD.—Securities  
10 shall not cease to be venture securities by  
11 reason of the public float of the issuer of  
12 such securities exceeding the threshold  
13 specified in clause (i)(III)(aa) until the  
14 later of the following:

15 “(I) The end of the period of 24  
16 consecutive months beginning on the  
17 date—

18 “(aa) the public float of  
19 such issuer exceeds  
20 \$2,000,000,000; and

21 “(bb) the average daily  
22 trade volume of such securities is  
23 100,000 shares or more during a  
24 continuous 60-day period.

1                   “(II) The end of the 1-year pe-  
2                   riod following the end of the 24-  
3                   month period described under sub-  
4                   clause (I), if the issuer of such securi-  
5                   ties requests such 1-year extension  
6                   from a venture exchange and the ven-  
7                   ture exchange elects to provide such  
8                   extension.”.

9           (b) SECURITIES ACT OF 1933.—Section 18 of the Se-  
10 securities Act of 1933 (15 U.S.C. 77r) is amended—

11           (1) by redesignating subsection (d) as sub-  
12           section (e); and

13           (2) by inserting after subsection (c) the fol-  
14           lowing:

15           “(d) TREATMENT OF SECURITIES LISTED ON A VEN-  
16           TURE EXCHANGE.—Notwithstanding subsection (b), a se-  
17           curity is not a covered security pursuant to subsection  
18           (b)(1)(A) if the security is only listed, or authorized for  
19           listing, on a venture exchange (as defined under section  
20           6(m) of the Securities Exchange Act of 1934).”.

21           (c) SENSE OF CONGRESS.—It is the sense of the Con-  
22           gress that the Securities and Exchange Commission  
23           should—

24           (1) when necessary or appropriate in the public  
25           interest and consistent with the protection of inves-

1       tors, make use of the Commission's general exemp-  
2       tive authority under section 36 of the Securities Ex-  
3       change Act of 1934 (15 U.S.C. 78mm) with respect  
4       to the provisions added by this section; and

5           (2) if the Commission determines appropriate,  
6       create an Office of Venture Exchanges within the  
7       Commission's Division of Trading and Markets.

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

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

