

[DISCUSSION DRAFT]

116TH CONGRESS
2^D SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to prohibit the Securities and Exchange Commission from amending Rule 14a-8 in any manner that restricts the rights of shareholders in public companies to communicate with fellow shareholders and for shareholders as a group to communicate with company boards and management through votes on shareholder-proposed resolutions, beyond the limitations currently set forth in such Rule.

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 prohibit the Securities and Exchange Commission from amending Rule 14a-8 in any manner that restricts the rights of shareholders in public companies to communicate with fellow shareholders and for shareholders as a group to communicate with company boards and management through votes on shareholder-proposed resolutions, beyond the limitations currently set forth in such Rule.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Ensuring Shareholder
3 Governance Act of 2020” or the “ESG Act of 2020”.

4 **SEC. 2. LIMITATION ON AUTHORITY RELATING TO RE-**
5 **STRICTIONS ON THE SHAREHOLDER PRO-**
6 **POSAL PROCESS.**

7 Section 14(a) of the Securities Exchange Act of 1934
8 (15 U.S.C. 78a(a)) is amended by adding at the end the
9 following:

10 “(3) **LIMITATION ON AUTHORITY.**—The Com-
11 mission may not restrict a shareholder’s ability to
12 have a shareholder proposal included in an issuer’s
13 proxy statement beyond the eligibility and proce-
14 dural requirements established under section
15 240.14a-8 of title 17, Code of Federal Regulations,
16 as in effect on November 1, 2019, including by—

17 “(A) raising the resubmission thresholds of
18 3, 6, and 10 percent of the vote or imposing
19 any additional momentum requirement for re-
20 submission of a proposal;

21 “(B) raising the share ownership require-
22 ment above \$2,000, other than to adjust for in-
23 flation;

24 “(C) prohibiting the aggregation of shares
25 among a group of shareholders to meet the
26 ownership requirement;

1 “(D) lengthening the share ownership re-
2 quirement beyond one year; or

3 “(E) limiting a shareholder’s ability to use
4 a representative to submit a shareholder pro-
5 posal or otherwise act on the shareholder’s be-
6 half in connection with a shareholder pro-
7 posal.”.