

**[DISCUSSION DRAFT]**

116<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

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

To amend the Securities Exchange Act of 1934 to require reporting of certain expenditures for political activities, 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 require reporting of certain expenditures for political activities, 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 “Shareholder Protection  
5 Act of 2019”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1           (1) corporations make significant political con-  
2 tributions and expenditures that directly or indi-  
3 rectly influence the election of candidates and sup-  
4 port or oppose political causes;

5           (2) decisions to use corporate funds for political  
6 contributions and expenditures are usually made by  
7 corporate boards and executives, rather than share-  
8 holders;

9           (3) corporations, acting through boards and ex-  
10 executives, are obligated to conduct business for the  
11 best interests of their owners, the shareholders;

12           (4) historically, shareholders have not had a  
13 way to know, or to influence, the political activities  
14 of corporations they own;

15           (5) shareholders and the public have a right to  
16 know how corporate managers are spending com-  
17 pany funds to make political contributions and ex-  
18 penditures benefitting candidates, political parties,  
19 and political causes;

20           (6) corporations should be accountable to share-  
21 holders in making political contributions or expendi-  
22 tures affecting Federal governance and public policy;  
23 and

24           (7) requiring a corporation to obtain the ex-  
25 press approval of shareholders prior to making polit-

1 ical contributions or expenditures will establish nec-  
2 essary accountability.

3 **SEC. 3. REPORTING REQUIREMENTS.**

4 Section 13 of the Securities Exchange Act of 1934  
5 (15 U.S.C. 78m) is amended by adding at the end the  
6 following:

7 “(s) REPORTING REQUIREMENTS RELATING TO CER-  
8 TAIN POLITICAL EXPENDITURES.—

9 “(1) DEFINITIONS.—In this subsection, the  
10 terms ‘expenditure for political activities’ and  
11 ‘issuer’ have the same meaning as in section 16A.

12 “(2) QUARTERLY REPORTS.—

13 “(A) REPORTS REQUIRED.—Not later than  
14 180 days after the date of enactment of this  
15 subsection, the Commission shall amend the re-  
16 porting rules under this section to require each  
17 issuer with a class of equity securities reg-  
18 istered under section 12 of this title to submit  
19 to the Commission and the shareholders of the  
20 issuer a quarterly report containing—

21 “(i) a description of any expenditure  
22 for political activities made during the pre-  
23 ceding quarter;

24 “(ii) the date of each expenditure for  
25 political activities;

1           “(iii) the amount of each expenditure  
2           for political activities;

3           “(iv) if the expenditure for political  
4           activities was made in support of or op-  
5           posed to a candidate, the name of the can-  
6           didate and the office sought by, and the  
7           political party affiliation of, the candidate;  
8           and

9           “(v) the name or identity of trade as-  
10          sociations or organizations described in  
11          section 501(c) of the Internal Revenue  
12          Code of 1986 and exempt from tax under  
13          section 501(a) of such Code which receive  
14          dues or other payments as described in  
15          section 16A(a)(1)(A)(iii).

16          “(B) PUBLIC AVAILABILITY.—The Com-  
17          mission shall ensure that the quarterly reports  
18          required under this paragraph are publicly  
19          available through the Internet website of the  
20          Commission and through the EDGAR system in  
21          a manner that is searchable, sortable, and  
22          downloadable, consistent with the requirements  
23          under section 24.

24          “(3) ANNUAL REPORTS.—Not later than 180  
25          days after the date of enactment of this subsection,

1 the Commission shall, by rule, require each issuer to  
2 include in the annual report of the issuer to share-  
3 holders—

4 “(A) a summary of each expenditure for  
5 political activities made during the preceding  
6 year in excess of \$10,000, and each expenditure  
7 for political activities for a particular election if  
8 the total amount of such expenditures for that  
9 election is in excess of \$10,000;

10 “(B) a description of the specific nature of  
11 any expenditure for political activities the issuer  
12 intends to make for the forthcoming fiscal year,  
13 to the extent the specific nature is known to the  
14 issuer; and

15 “(C) the total amount of expenditures for  
16 political activities intended to be made by the  
17 issuer for the forthcoming fiscal year.”.

18 **SEC. 4. REPORTS.**

19 (a) SECURITIES AND EXCHANGE COMMISSION.—The  
20 Securities and Exchange Commission shall—

21 (1) conduct an annual assessment of the com-  
22 pliance of issuers and officers and members of the  
23 boards of directors of issuers with section 13(s) of  
24 the Securities Exchange Act of 1934, as added by  
25 this Act; and

1           (2) submit to Congress an annual report con-  
2           taining the results of the assessment under para-  
3           graph (1).

4           (b) GOVERNMENT ACCOUNTABILITY OFFICE.—The  
5           Comptroller General of the United States shall periodically  
6           evaluate and report to Congress on the effectiveness of the  
7           oversight by the Securities and Exchange Commission of  
8           the reporting and disclosure requirements under section  
9           13(s) of the Securities Exchange Act of 1934, as added  
10          by this Act.

11       **SEC. 5. SEVERABILITY.**

12          If any provision of this Act, an amendment made by  
13          this Act, or the application of such provision or amend-  
14          ment to any person or circumstance is held to be unconsti-  
15          tutional, the remainder of this Act, the amendments made  
16          by this Act, and the application of such provision or  
17          amendment to any person or circumstance shall not be af-  
18          fected thereby.