117TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to improve the governance of multi-class stock companies, to require issuers to make annual diversity disclosures, and for other purposes.

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, to require issuers to make annual diversity disclosures, 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 [‘‘________ Act
5 of 2021’’].
SEC. 2. IMPROVED GOVERNANCE OF MULTI-CLASS STOCK COMPANIES.

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

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

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

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

“(2) to require the elimination of any distinctions between share ownership and voting power of shares described under paragraph (1) no later than the end of the 7-year period following the date of the initial public offering of the issuer, except that such 7-year period may be extended for additional 7-year periods if the holders of each class of stock, voting separately and by an affirmative vote of the majority of the shares of each class, approve each such extension.

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

SEC. 3. SUBMISSION OF DATA RELATING TO DIVERSITY BY
ISSUERS.

(a) IN GENERAL.—Section 13 of the Securities Ex-
change Act of 1934 (15 U.S.C. 78m) is amended by add-
ing at the end the following:

“(s) SUBMISSION OF DATA RELATING TO DIVER-
sity.—

“(1) DIVERSITY DISCLOSURE.—Each issuer re-
quired to file an annual report under subsection (a)
shall include in such report the following:

“(A) Data, based on voluntary self-identi-
fication, on the racial, ethnic, and gender com-
position of—

“(i) the board of directors of the
issuer;

“(ii) nominees for the board of direc-
tors of the issuer; and

“(iii) the executive officers of the
issuer.

“(B) The status of any member of the
board of directors of the issuer, any nominee
for the board of directors of the issuer, or any
executive officer of the issuer, based on vol-

untary self-identification, as a veteran, disabled, or LGBTQ+.

“(C) Data on any policy, plan, or strategy adopted by the board of directors of the issuer, or any committee of the board of directors, to promote racial, ethnic, and gender diversity among—

“(i) the board of directors of the issuer;

“(ii) nominees for the board of directors of the issuer; or

“(iii) the executive officers of the issuer.

“(2) Prohibition on listing securities of violators.—A national securities exchange shall prohibit the listing of any security of an issuer who is in violation of this subsection.

“(3) Definitions.—In this subsection—

“(A) the term ‘executive officer’ has the meaning given the term in section 230.501(f) of title 17, Code of Federal Regulations, as in effect on the date of enactment of this subsection;

“(B) the term ‘veteran’ has the meaning given the term in section 101 of title 38, United States Code;
“(C) the term ‘disabled’ means an individual who self-identifies as having a disability as defined by section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102); and

“(D) the term ‘LGBTQ+’ means an individual who self-identifies as any of the following: lesbian, gay, bisexual, transgender, or a member of the queer community.”.

(b) RULEMAKING.—Not later than the end of the 270-day period beginning on the date of enactment of this Act, the Securities and Exchange Commission shall issue rules to carry out the amendment made by subsection (a).

SEC. 4. INVESTOR PROTECTION AND FAIR CORPORATE SUFFRAGE AUTHORITY.

Section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) is amended by adding at the end the following:

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

“(1) IN GENERAL.—The Commission shall have the authority to issue such rules and regulations governing national securities exchanges and national securities associations as the Commission determines necessary or appropriate in the public interest for
the protection of investors or to promote fair corporate suffrage.

“(2) **Prohibition on listing securities of violators.**—A national securities exchange shall prohibit the listing of any security of an issuer who is in violation of a rule issued pursuant to this subsection.”