[DISCUSSION DRAFT]

117	TH CONGRESS 1ST SESSION H.R.
To a	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
То	A BILL 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 [" Ac
5	of 2021"] .

1	SEC. 2. IMPROVED GOVERNANCE OF MULTI-CLASS STOCK
2	COMPANIES.
3	The Securities Exchange Act of 1934 is amended by
4	inserting after section 19 (15 U.S.C. 78s) the following:
5	"SEC. 19A. MULTI-CLASS STOCK COMPANIES.
6	"(a) In General.—Not later than 270 days after
7	the date of enactment of this section, the Commission
8	shall issue rules—
9	"(1) to permit an issuer to register multiple
10	classes of shares of stock, even if the voting power
11	of shares in each class of stock is not proportional
12	to the percentage of share ownership among shares
13	of all classes; and
14	"(2) to require the elimination of any distinc-
15	tions between share ownership and voting power of
16	shares described under paragraph (1) no later than
17	the end of the 7-year period following the date of the
18	initial public offering of the issuer, except that such
19	7-year period may be extended for additional 7-year
20	periods if the holders of each class of stock, voting
21	separately and by an affirmative vote of the majority
22	of the shares of each class, approve each such exten-
23	sion.
24	"(b) Prohibition on Listing Securities of Vio-
25	LATORS.—A national securities exchange shall prohibit the

1	listing of any security of an issuer who is in violation of
2	the rules issued pursuant to subsection (a).".
3	SEC. 3. SUBMISSION OF DATA RELATING TO DIVERSITY BY
4	ISSUERS.
5	(a) In General.—Section 13 of the Securities Ex-
6	change Act of 1934 (15 U.S.C. 78m) is amended by add-
7	ing at the end the following:
8	"(s) Submission of Data Relating to Diver-
9	SITY.—
10	"(1) Diversity disclosure.—Each issuer re-
11	quired to file an annual report under subsection (a)
12	shall include in such report the following:
13	"(A) Data, based on voluntary self-identi-
14	fication, on the racial, ethnic, and gender com-
15	position of—
16	"(i) the board of directors of the
17	issuer;
18	"(ii) nominees for the board of direc-
19	tors of the issuer; and
20	"(iii) the executive officers of the
21	issuer.
22	"(B) The status of any member of the
23	board of directors of the issuer, any nominee
24	for the board of directors of the issuer, or any
25	executive officer of the issuer, based on vol-

1	untary self-identification, as a veteran, disabled,
2	or LGBTQ+.
3	"(C) Data on any policy, plan, or strategy
4	adopted by the board of directors of the issuer,
5	or any committee of the board of directors, to
6	promote racial, ethnic, and gender diversity
7	among—
8	"(i) the board of directors of the
9	issuer;
10	"(ii) nominees for the board of direc-
11	tors of the issuer; or
12	"(iii) the executive officers of the
13	issuer.
14	"(2) Prohibition on listing securities of
15	VIOLATORS.—A national securities exchange shall
16	prohibit the listing of any security of an issuer who
17	is in violation of this subsection.
18	"(3) Definitions.—In this subsection—
19	"(A) the term 'executive officer' has the
20	meaning given the term in section 230.501(f) of
21	title 17, Code of Federal Regulations, as in ef-
22	fect on the date of enactment of this subsection;
23	"(B) the term 'veteran' has the meaning
24	given the term in section 101 of title 38, United
25	States Code;

1	"(C) the term 'disabled' means an indi-
2	vidual who self-identifies as having a disability
3	as defined by section 3 of the Americans with
4	Disabilities Act of 1990 (42 U.S.C. 12102);
5	and
6	"(D) the term 'LGBTQ+' means an indi-
7	vidual who self-identifies as any of the fol-
8	lowing: lesbian, gay, bisexual, transgender, or a
9	member of the queer community.".
10	(b) Rulemaking.—Not later than the end of the
11	270-day period beginning on the date of enactment of this
12	Act, the Securities and Exchange Commission shall issue
13	rules to carry out the amendment made by subsection (a).
14	SEC. 4. INVESTOR PROTECTION AND FAIR CORPORATE
15	SUFFRAGE AUTHORITY.
15 16	Section 23 of the Securities Exchange Act of 1934
16	
16 17	Section 23 of the Securities Exchange Act of 1934
16 17 18	Section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) is amended by adding at the end the fol-
16 17	Section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) is amended by adding at the end the following:
16 17 18 19	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
16 17 18 19 20 21	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.—
16 17 18 19 20	Section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) is amended by adding at the end the fol- lowing: "(e) Investor Protection and Fair Corporate Suffrage Authority.— "(1) In General.—The Commission shall have
16 17 18 19 20 21 22	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

1	the protection of investors or to promote fair cor-
2	porate suffrage.
3	"(2) Prohibition on listing securities of
4	VIOLATORS.—A national securities exchange shall
5	prohibit the listing of any security of an issuer who
6	is in violation of a rule issued pursuant to this sub-
7	section.".