

[DISCUSSION DRAFT]

117TH CONGRESS
2^D SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to strengthen corporate governance at large multi-class issuers with a history of misconduct, 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 strengthen corporate governance at large multi-class issuers with a history of misconduct, 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 “Free-market Account-
5 ability through Investor Rights Act of 2022” or the
6 “FAIR Act of 2022”.

1 **SEC. 2. LARGE MULTI-CLASS ISSUERS WITH A HISTORY OF**
2 **MISCONDUCT.**

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. LARGE MULTI-CLASS ISSUERS WITH A HISTORY**
6 **OF MISCONDUCT.**

7 “(a) IN GENERAL.—An issuer that becomes a cov-
8 ered issuer—

9 “(1) shall, not later than 1 year after becoming
10 a covered issuer, take such actions as are necessary
11 to ensure that each equity security of the issuer with
12 voting rights has equal voting power; and

13 “(2) may not thereafter issue classes of equity
14 securities with unequal voting rights, regardless of
15 whether the issuer is a covered issuer.

16 “(b) RULEMAKING.—The Commission may issue
17 such rules to carry out this section as the Commission de-
18 termines necessary or appropriate in the public interest
19 for the protection of investors or to promote fair corporate
20 suffrage.

21 “(c) COVERED ISSUER DEFINED.—In this section,
22 the term ‘covered issuer’ means an issuer—

23 “(1) that maintains multiple classes of equity
24 securities with voting rights where the classes have
25 unequal voting rights;

1 “(2) that, with respect to the prior fiscal year,
2 had a total annual revenue greater than
3 \$75,000,000,000; and

4 “(3) that—

5 “(A) has ever been prohibited from making
6 use of an exemption under section 230.506 of
7 title 17, Code of Federal Regulations, by reason
8 of subsection (d) of such section; or

9 “(B) has been fined by Federal agencies in
10 an aggregate amount greater than
11 \$5,000,000,000 during the previous 5-year pe-
12 riod.”.