H. R. _____

To amend the Securities Exchange Act of 1934 to require reporting of certain expenditures for political activities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Shareholder Protection Act of 2019”.

SEC. 2. FINDINGS.

Congress finds that—
(1) corporations make significant political contributions and expenditures that directly or indirectly influence the election of candidates and support or oppose political causes;

(2) decisions to use corporate funds for political contributions and expenditures are usually made by corporate boards and executives, rather than shareholders;

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

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

(5) shareholders and the public have a right to know how corporate managers are spending company funds to make political contributions and expenditures benefitting candidates, political parties, and political causes;

(6) corporations should be accountable to shareholders in making political contributions or expenditures affecting Federal governance and public policy; and

(7) requiring a corporation to obtain the express approval of shareholders prior to making polit-
ical contributions or expenditures will establish neces-

sary accountability.

SEC. 3. REPORTING REQUIREMENTS.

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

“(s) REPORTING REQUIREMENTS RELATING TO CERTAIN POLITICAL EXPENDITURES.—

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

“(2) QUARTERLY REPORTS.—

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

“(i) a description of any expenditure
for political activities made during the pre-
ceeding quarter;

“(ii) the date of each expenditure for
political activities;
“(iii) the amount of each expenditure for political activities;

“(iv) if the expenditure for political activities was made in support of or opposed to a candidate, the name of the candidate and the office sought by, and the political party affiliation of, the candidate; and

“(v) the name or identity of trade associations or organizations described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code which receive dues or other payments as described in section 16A(a)(1)(A)(iii).

“(B) Public Availability.—The Commission shall ensure that the quarterly reports required under this paragraph are publicly available through the Internet website of the Commission and through the EDGAR system in a manner that is searchable, sortable, and downloadable, consistent with the requirements under section 24.

“(3) Annual Reports.—Not later than 180 days after the date of enactment of this subsection,
the Commission shall, by rule, require each issuer to include in the annual report of the issuer to shareholders—

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

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

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

SEC. 4. REPORTS.

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

(1) conduct an annual assessment of the compliance of issuers and officers and members of the boards of directors of issuers with section 13(s) of the Securities Exchange Act of 1934, as added by this Act; and
(2) submit to Congress an annual report containing the results of the assessment under paragraph (1).

(b) Government Accountability Office.—The Comptroller General of the United States shall periodically evaluate and report to Congress on the effectiveness of the oversight by the Securities and Exchange Commission of the reporting and disclosure requirements under section 13(s) of the Securities Exchange Act of 1934, as added by this Act.

SEC. 5. SEVERABILITY.

If any provision of this Act, an amendment made by this Act, or the application of such provision or amendment to any person or circumstance is held to be unconstitutional, the remainder of this Act, the amendments made by this Act, and the application of such provision or amendment to any person or circumstance shall not be affected thereby.