H. R. ______

To amend the Securities Exchange Act of 1934 to prohibit the Securities and Exchange Commission from amending Rule 14a-8 in any manner that restricts the rights of shareholders in public companies to communicate with fellow shareholders and for shareholders as a group to communicate with company boards and management through votes on shareholder-proposed resolutions, beyond the limitations currently set forth in such Rule.

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 prohibit the Securities and Exchange Commission from amending Rule 14a-8 in any manner that restricts the rights of shareholders in public companies to communicate with fellow shareholders and for shareholders as a group to communicate with company boards and management through votes on shareholder-proposed resolutions, beyond the limitations currently set forth in such Rule.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Ensuring Shareholder Governance Act of 2020” or the “ESG Act of 2020”.

SEC. 2. LIMITATION ON AUTHORITY RELATING TO RESTRICTIONS ON THE SHAREHOLDER PROPOSAL PROCESS.

Section 14(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78a(a)) is amended by adding at the end the following:

“(3) LIMITATION ON AUTHORITY.—The Commission may not restrict a shareholder’s ability to have a shareholder proposal included in an issuer’s proxy statement beyond the eligibility and procedural requirements established under section 240.14a-8 of title 17, Code of Federal Regulations, as in effect on November 1, 2019, including by—

“(A) raising the resubmission thresholds of 3, 6, and 10 percent of the vote or imposing any additional momentum requirement for resubmission of a proposal;

“(B) raising the share ownership requirement above $2,000, other than to adjust for inflation;

“(C) prohibiting the aggregation of shares among a group of shareholders to meet the ownership requirement;
“(D) lengthening the share ownership require-
ment beyond one year; or

“(E) limiting a shareholder’s ability to use
a representative to submit a shareholder pro-
posal or otherwise act on the shareholder’s be-
half in connection with a shareholder pro-
posal.”.