

# Union Calendar No. 517

116TH CONGRESS  
2D SESSION

# H. R. 5929

[Report No. 116–632]

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

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 21, 2020

Mr. FOSTER (for himself, Mr. WELCH, Ms. NORTON, Ms. SCHAKOWSKY, Ms. VELÁZQUEZ, Mr. DEFazio, Mr. CARBAJAL, Ms. MENG, Mr. MALINOWSKI, Mr. NADLER, Mr. PHILLIPS, and Mr. CROW) introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 8, 2020

Additional sponsors: Mr. RASKIN, Mr. HECK, Mr. CLEAVER, Mr. LYNCH, Mr. GARCÍA of Illinois, Mr. PERLMUTTER, Mr. QUIGLEY, and Mr. CARTWRIGHT

DECEMBER 8, 2020

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on February 21, 2020]

# **A BILL**

To amend the Securities Exchange Act of 1934 to require reporting of certain expenditures for political activities, 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 “Shareholder Political*  
5       *Transparency Act of 2020”.*

6       **SEC. 2. FINDINGS.**

7       *Congress finds that—*

8               *(1) corporations make significant political con-*  
9               *tributions and expenditures that directly or indirectly*  
10              *influence the election of candidates and support or*  
11              *oppose political causes;*

12              *(2) decisions to use corporate funds for political*  
13              *contributions and expenditures are usually made by*  
14              *corporate boards and executives, rather than share-*  
15              *holders;*

16              *(3) corporations, acting through boards and ex-*  
17              *ecutives, are obligated to conduct business for the best*  
18              *interests of their owners, the shareholders;*

19              *(4) historically, shareholders have not had a way*  
20              *to know, or to influence, the political activities of cor-*  
21              *porations they own;*

22              *(5) shareholders and the public have a right to*  
23              *know how corporate managers are spending company*  
24              *funds to make political contributions and expendi-*

1        *tures benefitting candidates, political parties, and po-*  
 2        *litical causes; and*

3                *(6) corporations should be accountable to share-*  
 4        *holders in making political contributions or expendi-*  
 5        *tures affecting Federal governance and public policy.*

6    **SEC. 3. REPORTING REQUIREMENTS.**

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

9                *“(s) REPORTING REQUIREMENTS RELATING TO CER-*  
 10        *TAIN POLITICAL EXPENDITURES.—*

11                *“(1) DEFINITIONS.—In this subsection:*

12                        *“(A) EXPENDITURE FOR POLITICAL ACTIVI-*  
 13                *TIES.—The term ‘expenditure for political activi-*  
 14                *ties’—*

15                        *“(i) means—*

16                                *“(I) an independent expenditure*  
 17                                *(as defined in section 301(17) of the*  
 18                                *Federal Election Campaign Act of*  
 19                                *1971 (52 U.S.C. 30101(17)));*

20                                *“(II) an electioneering commu-*  
 21                                *nication (as defined in section*  
 22                                *304(f)(3) of that Act (52 U.S.C.*  
 23                                *30104(f)(3))) and any other public*  
 24                                *communication (as defined in section*  
 25                                *301(22) of that Act (52 U.S.C.*

1           30101(22))) that would be an election-  
2           eering communication if it were a  
3           broadcast, cable, or satellite commu-  
4           nication; or

5           “(III) dues or other payments to  
6           trade associations or organizations de-  
7           scribed in section 501(c) of the Internal  
8           Revenue Code of 1986 and exempt from  
9           tax under section 501(a) of that Code  
10          that are, or could reasonably be antici-  
11          pated to be, used or transferred to an-  
12          other association or organization for  
13          the purposes described in subclause (I)  
14          or (II); and

15          “(ii) does not include—

16                 “(I) direct lobbying efforts  
17                 through registered lobbyists employed  
18                 or hired by the issuer;

19                 “(II) communications by an  
20                 issuer to its shareholders and executive  
21                 or administrative personnel and their  
22                 families; or

23                 “(III) the establishment and ad-  
24                 ministration of contributions to a sep-

1                    *arate segregated fund to be utilized for*  
2                    *political purposes by a corporation.*

3                    “(B) *ISSUER.*—*The term ‘issuer’ does not*  
4                    *include an investment company registered under*  
5                    *section 8 of the Investment Company Act of 1940*  
6                    *(15 U.S.C. 80a–8).*

7                    “(2) *QUARTERLY REPORTS.*—

8                    “(A) *REPORTS REQUIRED.*—*Not later than*  
9                    *180 days after the date of enactment of this sub-*  
10                    *section, the Commission shall amend the report-*  
11                    *ing rules under this section to require each issuer*  
12                    *with a class of equity securities registered under*  
13                    *section 12 of this title to submit to the Commis-*  
14                    *sion and the shareholders of the issuer a quar-*  
15                    *terly report containing—*

16                    “(i) *a description of any expenditure*  
17                    *for political activities made during the pre-*  
18                    *ceding quarter;*

19                    “(ii) *the date of each expenditure for*  
20                    *political activities;*

21                    “(iii) *the amount of each expenditure*  
22                    *for political activities;*

23                    “(iv) *if the expenditure for political ac-*  
24                    *tivities was made in support of or in oppo-*  
25                    *sition to a candidate, the name of the can-*

1            *didate and the office sought by, and the po-*  
2            *litical party affiliation of, the candidate;*  
3            *and*

4            *“(v) the name or identity of trade asso-*  
5            *ciations or organizations described in sec-*  
6            *tion 501(c) of the Internal Revenue Code of*  
7            *1986 and exempt from tax under section*  
8            *501(a) of such Code which receive dues or*  
9            *other payments as described in paragraph*  
10           *(1)(A)(i)(III).*

11           *“(B) PUBLIC AVAILABILITY.—The Commis-*  
12           *sion shall ensure that the quarterly reports re-*  
13           *quired under this paragraph are publicly avail-*  
14           *able through the Internet website of the Commis-*  
15           *sion and through the EDGAR system in a man-*  
16           *ner that is searchable, sortable, and*  
17           *downloadable, consistent with the requirements*  
18           *under section 24.*

19           *“(3) ANNUAL REPORTS.—Not later than 180*  
20           *days after the date of enactment of this subsection, the*  
21           *Commission shall, by rule, require each issuer to in-*  
22           *clude in the annual report of the issuer to share-*  
23           *holders—*

24           *“(A) a summary of each expenditure for po-*  
25           *litical activities made during the preceding year*

1           *in excess of \$10,000, and each expenditure for*  
 2           *political activities for a particular election if the*  
 3           *total amount of such expenditures for that elec-*  
 4           *tion is in excess of \$10,000;*

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

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

13 **SEC. 4. REPORTS.**

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

16                   (1) *conduct an annual assessment of the compli-*  
 17                   *ance of issuers with section 13(s) of the Securities Ex-*  
 18                   *change Act of 1934, as added by this Act; and*

19                   (2) *submit to Congress an annual report con-*  
 20                   *taining the results of the assessment under paragraph*  
 21                   (1).

22           (b) *GOVERNMENT ACCOUNTABILITY OFFICE.—The*  
 23           *Comptroller General of the United States shall periodically*  
 24           *evaluate and report to Congress on the effectiveness of the*  
 25           *oversight by the Securities and Exchange Commission of the*



1 *reporting and disclosure requirements under section 13(s)*  
2 *of the Securities Exchange Act of 1934, as added by this*  
3 *Act.*

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