

116TH CONGRESS
2D SESSION

H. R. 5929

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

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

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—

1 (1) corporations make significant political con-
2 tributions and expenditures that directly or indi-
3 rectly influence the election of candidates and sup-
4 port or oppose political causes;

5 (2) decisions to use corporate funds for political
6 contributions and expenditures are usually made by
7 corporate boards and executives, rather than share-
8 holders;

9 (3) corporations, acting through boards and ex-
10 ecutives, are obligated to conduct business for the
11 best interests of their owners, the shareholders;

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

15 (5) shareholders and the public have a right to
16 know how corporate managers are spending com-
17 pany funds to make political contributions and ex-
18 penditures benefitting candidates, political parties,
19 and political causes; and

20 (6) corporations should be accountable to share-
21 holders in making political contributions or expendi-
22 tures affecting Federal governance and public policy.

1 **SEC. 3. REPORTING REQUIREMENTS.**

2 Section 13 of the Securities Exchange Act of 1934
3 (15 U.S.C. 78m) is amended by adding at the end the
4 following:

5 “(s) REPORTING REQUIREMENTS RELATING TO CER-
6 TAIN POLITICAL EXPENDITURES.—

7 “(1) DEFINITIONS.—In this subsection—

8 “(A) the term ‘expenditure for political ac-
9 tivities’—

10 “(i) means—

11 “(I) an independent expenditure
12 (as defined in section 301(17) of the
13 Federal Election Campaign Act of
14 1971 (52 U.S.C. 30101(17)));

15 “(II) an electioneering commu-
16 nication (as defined in section
17 304(f)(3) of that Act (52 U.S.C.
18 30104(f)(3))) and any other public
19 communication (as defined in section
20 301(22) of that Act (52 U.S.C.
21 30101(22))) that would be an elec-
22 tioneering communication if it were a
23 broadcast, cable, or satellite commu-
24 nication; or

25 “(III) dues or other payments to
26 trade associations or organizations de-

scribed in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of that Code that are, or could reasonably be anticipated to be, used or transferred to another association or organization for the purposes described in subclause (I) or (II); and

“(ii) does not include—

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

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

“(III) the establishment and administration of contributions to a separate segregated fund to be utilized for political purposes by a corporation; and

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

1 “(2) QUARTERLY REPORTS.—

2 “(A) REPORTS REQUIRED.—Not later than
3 180 days after the date of enactment of this
4 subsection, the Commission shall amend the re-
5 porting rules under this section to require each
6 issuer with a class of equity securities reg-
7 istered under section 12 of this title to submit
8 to the Commission and the shareholders of the
9 issuer a quarterly report containing—

10 “(i) a description of any expenditure
11 for political activities made during the pre-
12 ceding quarter;

13 “(ii) the date of each expenditure for
14 political activities;

15 “(iii) the amount of each expenditure
16 for political activities;

17 “(iv) if the expenditure for political
18 activities was made in support of or op-
19 posed to a candidate, the name of the can-
20 didate and the office sought by, and the
21 political party affiliation of, the candidate;
22 and

23 “(v) the name or identity of trade as-
24 sociations or organizations described in
25 section 501(c) of the Internal Revenue

1 Code of 1986 and exempt from tax under
2 section 501(a) of such Code which receive
3 dues or other payments as described in
4 paragraph (1)(A)(i)(III).

5 “(B) PUBLIC AVAILABILITY.—The Com-
6 mission shall ensure that the quarterly reports
7 required under this paragraph are publicly
8 available through the Internet website of the
9 Commission and through the EDGAR system in
10 a manner that is searchable, sortable, and
11 downloadable, consistent with the requirements
12 under section 24.

13 “(3) ANNUAL REPORTS.—Not later than 180
14 days after the date of enactment of this subsection,
15 the Commission shall, by rule, require each issuer to
16 include in the annual report of the issuer to share-
17 holders—

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

24 “(B) a description of the specific nature of
25 any expenditure for political activities the issuer

1 intends to make for the forthcoming fiscal year,
2 to the extent the specific nature is known to the
3 issuer; and

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

7 **SEC. 4. REPORTS.**

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

10 (1) conduct an annual assessment of the com-
11 pliance of issuers with section 13(s) of the Securities
12 Exchange Act of 1934, as added by this Act; and

13 (2) submit to Congress an annual report con-
14 taining the results of the assessment under para-
15 graph (1).

16 (b) GOVERNMENT ACCOUNTABILITY OFFICE.—The
17 Comptroller General of the United States shall periodically
18 evaluate and report to Congress on the effectiveness of the
19 oversight by the Securities and Exchange Commission of
20 the reporting and disclosure requirements under section
21 13(s) of the Securities Exchange Act of 1934, as added
22 by this Act.

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