
To amend the Securities Exchange Act to provide additional protections to investors.

M. _____ introduced the following bill, which was referred to the Committee on _____.

A BILL

To amend the Securities Exchange Act to provide additional protections to investors.

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 “SEC as Investor Advocate Act of 2021.”

SECTION 2. IMPROVED GOVERNANCE OF MULTI-CLASS STOCK COMPANIES.

The Securities Exchange Act of 1934 is amended by inserting after section 19 [15 U.S.C. § 78s] the following:

“SECTION 19A – MULTI-CLASS STOCK COMPANIES.

“(a) Listing Standards.--The Commission shall, by rule, not later than 270 days after the date of enactment of this subsection, direct the national securities exchanges and national securities associations to prohibit the listing of any security of an issuer that does not comply with the requirements of this subsection.”

“(b) Multi-class stock companies.--The rules of the Commission issued pursuant to subsection (a) shall provide for the ability of an issuer to register multiple classes of shares of stock, even if the voting power of shares in each class of stock is not

proportional to the percentage of share ownership. Such rules shall require the elimination of distinctions between ownership and voting power no later than seven years following the initial offering. Such rules may also provide for the continuation of differentials between voting power and ownership if the holders of each class of stock, voting separately and by an affirmative vote of the majority of the shares of each class, continue any such differentials for periods of not more than seven years.”

SECTION 3. SUBMISSION OF DATA RELATING TO DIVERSITY BY ISSUERS.

The Securities Exchange Act of 1934 is amended by inserting after section 19A, as added by section 2, the following:

“SEC. 19B. SUBMISSION OF DATA RELATING TO DIVERSITY —

“(a) Listing Standards.--The Commission shall, by rule, not later than 270 days after the date of enactment of this subsection, direct the national securities exchanges and national securities associations to prohibit the listing of any security of an issuer that does not comply with the requirements of this subsection.

“(b) Diversity disclosure -- The rules of the Commission issued pursuant to subsection (a) shall provide for disclosure on an annual basis the following:

“(1) Data, based on voluntary self-identification, on the racial, ethnic, and gender composition of—

“(a) the board of directors of the issuer;

“(b) nominees for the board of directors of the issuer; and

“(c) the executive officers of the issuer.

“(2) The status of any member of the board of directors of the issuer, any nominee for the board of directors of the issuer, or any executive officer of the issuer, based on voluntary self-identification, as a veteran, disabled, or LGBTQ+.

“(3) Data on any policy, plan, or strategy adopted by the board of directors of the issuer, or any committee of the board of directors, to promote racial, ethnic, and gender diversity among—

“(a) the board of directors of the issuer;

“(b) nominees for the board of directors of the issuer; or

“(c) the executive officers of the issuer.”

“(c) Definitions.—In this section—

“(A) the term ‘executive officer’ has the meaning given the term in section 230.501(f) of title 17, Code of Federal Regulations, as in effect on the date of enactment of this subsection;

“(B) the term ‘veteran’ has the meaning given the term in section 101 of title 38, United States Code;

“(C) the term ‘disabled’ means an individual who self-identifies as having a disability as defined by Section 12102 of the American with Disabilities Act, as amended at 42 U.S.C. 126 § 12101 et seq.; and

“(D) the term ‘LGBTQ+’ means an individual who self-identifies as any of the following: lesbian, gay, bisexual, transgender, or a member of the queer community.”

SECTION 4. INVESTOR PROTECTION AUTHORITY.

The Securities Exchange Act of 1934 is amended by inserting after section 19B, as added by section 3, the following:

“SEC. 19C. ADDITIONAL AUTHORITY. -- In addition to its existing authority under this Act, and notwithstanding any other provision of law, the Commission shall have the authority to issue such rules and regulations governing national securities exchanges and national securities associations that the Commission shall deem necessary or appropriate in the public interest for the protection of investors or to promote fair corporate suffrage. In addition, the Commission shall, by rule, direct national securities exchanges and national securities associations to prohibit the listing of any security of an issuer that does not comply with the requirements of any rule issued by the Commission pursuant to this section.”