

AMENDMENT TO RULES COMM. PRINT 116-7
OFFERED BY MR. RASKIN OF MARYLAND

Page 383, after line 19, add the following new section:

1 **SEC. 4502. ASSESSMENT OF SHAREHOLDER PREFERENCES**
2 **FOR DISBURSEMENTS FOR POLITICAL PUR-**
3 **POSES.**

4 (a) ASSESSMENT REQUIRED.—The Securities Ex-
5 change Act of 1934 (15 U.S.C. 78a et seq.) is amended
6 by inserting after section 10D the following:

7 **“SEC. 10E. ASSESSMENT OF SHAREHOLDER PREFERENCES**
8 **FOR DISBURSEMENTS FOR POLITICAL PUR-**
9 **POSES.**

10 “(a) ASSESSMENT REQUIRED BEFORE MAKING A
11 DISBURSEMENT FOR A POLITICAL PURPOSE.—

12 “(1) REQUIREMENT.—An issuer with an equity
13 security listed on a national securities exchange may
14 not make a disbursement for a political purpose un-
15 less—

16 “(A) the issuer has in place procedures to
17 assess the preferences of the shareholders of the
18 issuer with respect to making such disburse-
19 ments; and

1 “(B) such an assessment has been made
2 within the 1-year period ending on the date of
3 such disbursement.

4 “(2) TREATMENT OF ISSUERS WHOSE SHARE-
5 HOLDERS ARE PROHIBITED FROM EXPRESSING
6 PREFERENCES.—Notwithstanding paragraph (1), an
7 issuer described under such paragraph with proce-
8 dures in place to assess the preferences of its share-
9 holders with respect to making disbursements for
10 political purposes shall not be considered to meet the
11 requirements of such paragraph if a majority of the
12 number of the outstanding equity securities of the
13 issuer are held by persons who are prohibited from
14 expressing partisan or political preferences by law,
15 contract, or the requirement to meet a fiduciary
16 duty.

17 “(b) ASSESSMENT REQUIREMENTS.—The assess-
18 ment described under subsection (a) shall assess—

19 “(1) which types of disbursements for a polit-
20 ical purpose the shareholder believes the issuer
21 should make;

22 “(2) whether the shareholder believes that such
23 disbursements should be made in support of, or in
24 opposition to, Republican, Democratic, Independent,

1 or other political party candidates and political com-
2 mittees;

3 “(3) whether the shareholder believes that such
4 disbursements should be made with respect to elec-
5 tions for Federal, State, or local office; and

6 “(4) such other information as the Commission
7 may specify, by rule.

8 “(c) DISBURSEMENT FOR A POLITICAL PURPOSE DE-
9 FINED.—

10 “(1) IN GENERAL.—For purposes of this sec-
11 tion, the term ‘disbursement for a political purpose’
12 means any of the following:

13 “(A) A disbursement for an independent
14 expenditure, as defined in section 301(17) of
15 the Federal Election Campaign Act of 1971 (52
16 U.S.C. 30101(17)).

17 “(B) A disbursement for an electioneering
18 communication, as defined in section 304(f) of
19 the Federal Election Campaign Act of 1971 (52
20 U.S.C. 30104(f)).

21 “(C) A disbursement for any public com-
22 munication, as defined in section 301(22) of the
23 Federal Election Campaign Act of 1971 (52
24 U.S.C. 30101(22)—

1 “(i) which expressly advocates the
2 election or defeat of a clearly identified
3 candidate for election for Federal office, or
4 is the functional equivalent of express ad-
5 vocacy because, when taken as a whole, it
6 can be interpreted by a reasonable person
7 only as advocating the election or defeat of
8 a candidate for election for Federal office;
9 or

10 “(ii) which refers to a clearly identi-
11 fied candidate for election for Federal of-
12 fice and which promotes or support a can-
13 didate for that office, or attacks or opposes
14 a candidate for that office, without regard
15 to whether the communication expressly
16 advocates a vote for or against a candidate
17 for that office.

18 “(D) Any other disbursement which is
19 made for the purpose of influencing the out-
20 come of an election for a public office.

21 “(E) Any transfer of funds to another per-
22 son which is made with the intent that such
23 person will use the funds to make a disburse-
24 ment described in subparagraphs (A) through

1 (D), or with the knowledge that the person will
2 use the funds to make such a disbursement.

3 “(2) EXCEPTIONS.—The term ‘disbursement
4 for a political purpose’ does not include any of the
5 following:

6 “(A) Any disbursement made from a sepa-
7 rate segregated fund of the corporation under
8 section 316 of the Federal Election Campaign
9 Act of 1971 (52 U.S.C. 30118).

10 “(B) Any transfer of funds to another per-
11 son which is made in a commercial transaction
12 in the ordinary course of any trade or business
13 conducted by the corporation or in the form of
14 investments made by the corporation.

15 “(C) Any transfer of funds to another per-
16 son which is subject to a written prohibition
17 against the use of the funds for a disbursement
18 for a political purpose.

19 “(d) OTHER DEFINITIONS.—In this section, each of
20 the terms ‘candidate’, ‘election’, ‘political committee’, and
21 ‘political party’ has the meaning given such term under
22 section 301 of the Federal Election Campaign Act of 1971
23 (52 U.S.C. 30101).”.

24 (b) CONFORMING AMENDMENT TO FEDERAL ELEC-
25 TION CAMPAIGN ACT OF 1971 TO PROHIBIT DISBURSE-

1 MENTS BY CORPORATIONS FAILING TO ASSESS PREF-
2 ERENCES.—Section 316 of the Federal Election Campaign
3 Act of 1971 (52 U.S.C. 30118) is amended by adding at
4 the end the following new subsection:

5 “(d) PROHIBITING DISBURSEMENTS BY CORPORA-
6 TIONS FAILING TO ASSESS SHAREHOLDER PREF-
7 ERENCES.—

8 “(1) PROHIBITION.—It shall be unlawful for a
9 corporation to make a disbursement for a political
10 purpose unless the corporation has in place proce-
11 dures to assess the preferences of its shareholders
12 with respect to making such disbursements, as pro-
13 vided in section 10E of the Securities Exchange Act
14 of 1934.

15 “(2) DEFINITION.—In this section, the term
16 ‘disbursement for a political purpose’ has the mean-
17 ing given such term in section 10E(c) of the Securi-
18 ties Exchange Act of 1934.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply with respect to disbursements
21 made on or after December 31, 2019.

