

## [Securities Regulation Daily Wrap Up, PUBLIC COMPANY REPORTING AND DISCLOSURE—President signs funding bill with SEC politics rider, \(Sept. 29, 2016\)](#)

Securities Regulation Daily Wrap Up

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President Obama signed into law the temporary funding bill passed by the Senate and House at nearly the last chance before the federal government would have begun to shut down late this week. The continuing resolution ([H.R. 5325](#)) will keep the government open until December 9, but it also contains a provision extending a ban on the SEC's ability to finalize rules requiring companies to make disclosures about their political donations. The ban was part of last year's omnibus appropriations legislation.

The president's [signature](#) comes after the House easily passed the amended CR last night by a [vote](#) of 342-85. Still, the Obama Administration issued a [statement](#) noting its displeasure with the funding process and with some of the CR's provisions. The Administration specifically said it was "strongly" opposed to the use of the appropriations process to attach unrelated, controversial riders and it singled out the SEC political disclosure provision as a prime example.

The Senate passed an amended version of the CR that it sent back to the House after a contentious week of procedural votes that had delayed further action. The Senate vote came only after senators and representatives brokered a deal that produced assurances that a separate bill will include funds to alleviate Flint, Michigan's water crisis. The Senate passed the CR by a [vote](#) of 72-26. But Sens. Debbie Stabenow (D-Mich) and Gary Peters (D-Mich) voted against the CR in protest of what [Stabenow](#) and [Peters](#) said was unequal treatment of U.S. communities.

**Flawed but needed.** Senate Appropriations Committee Vice Chairwoman Barbara Mikulski (D-Md) told members she would vote for the CR. She characterized the measure as not perfect, but "acceptable," and "absolutely necessary." The senator also [called](#) the SEC rider a "regrettable exception" to a CR that otherwise has no poison pill provisions.

For several days, Senate Majority Leader Mitch McConnell (R-Ky) and Democratic Leader Harry Reid (D-Nev) blamed their respective parties for what they said was the chamber's dysfunction over senators' lack of agreement on keeping the federal government open. While much of the Democratic opposition to the CR focused on Flint, a provision curbing the SEC's ability to regulate disclosure of corporate political spending also generated renewed scrutiny.

Although Sen. Reid would ultimately vote for the CR, he said in multiple floor [statements](#) that the GOP-led effort to tack the SEC political disclosure rider to the CR was an attempt to insulate "dark money" from the prospect of SEC rules that could mandate such disclosures. The resolution would maintain the existing ban on the SEC's use of funds to finalize rules that could force companies to give investors more insight into their political spending habits. Senator Elizabeth Warren (D-Mass) [echoed](#) many of these sentiments, but voted against the CR.

**Millions of comments.** The current FY 2016 ban was put in place by Section 707 of Title VII of the [Consolidated Appropriations Act, 2016](#). The SEC has received multiple rulemaking petitions on the topic, which have generated millions of public comments. Congressional Democrats made a similar direct plea to the SEC in a [letter](#) late last year. The prospect of SEC political spending disclosure rules even arose during a Senate Banking Committee [hearing](#) on President Obama's two SEC nominees.

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