

117TH CONGRESS  
1ST SESSION

# H. R. 1087

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 18, 2021

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

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## 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 2021”.

6       **SEC. 2. FINDINGS.**

7       Congress finds that—

8               (1) corporations make significant political con-  
9       tributions and expenditures that directly or indi-

1       rectly influence the election of candidates and sup-  
2       port or oppose political causes;

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

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

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

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

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

21   **SEC. 3. REPORTING REQUIREMENTS.**

22       Section 13 of the Securities Exchange Act of 1934  
23   (15 U.S.C. 78m) is amended by adding at the end the  
24   following:

1       “(s) REPORTING REQUIREMENTS RELATING TO CER-  
2       TAIN POLITICAL EXPENDITURES.—

3               “(1) DEFINITIONS.—In this subsection:

4                       “(A) EXPENDITURE FOR POLITICAL AC-  
5                       TIVITIES.—The term ‘expenditure for political  
6                       activities’—

7                               “(i) means—

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

12                                     “(II) an electioneering commu-  
13                                     nication (as defined in section  
14                                     304(f)(3) of that Act (52 U.S.C.  
15                                     30104(f)(3))) and any other public  
16                                     communication (as defined in section  
17                                     301(22) of that Act (52 U.S.C.  
18                                     30101(22))) that would be an elec-  
19                                     tioneering communication if it were a  
20                                     broadcast, cable, or satellite commu-  
21                                     nication; or

22                                     “(III) dues or other payments to  
23                                     trade associations or organizations de-  
24                                     scribed in section 501(c) of the Inter-  
25                                     nal Revenue Code of 1986 and exempt

1 from tax under section 501(a) of that  
2 Code that are, or could reasonably be  
3 anticipated to be, used or transferred  
4 to another association or organization  
5 for the purposes described in sub-  
6 clause (I) or (II); and

7 “(ii) does not include—

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

11 “(II) communications by an  
12 issuer to its shareholders and execu-  
13 tive or administrative personnel and  
14 their families; or

15 “(III) the establishment and ad-  
16 ministration of contributions to a sep-  
17 arate segregated fund to be utilized  
18 for political purposes by a corpora-  
19 tion.

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

24 “(2) QUARTERLY REPORTS.—

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

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

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

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

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

22                  “(v) the name or identity of trade as-  
23                  sociations or organizations described in  
24                  section 501(c) of the Internal Revenue  
25                  Code of 1986 and exempt from tax under

1           section 501(a) of such Code which receive  
2           dues or other payments as described in  
3           paragraph (1)(A)(i)(III).

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

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

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

23               “(B) a description of the specific nature of  
24               any expenditure for political activities the issuer  
25               intends to make for the forthcoming fiscal year,

1 to the extent the specific nature is known to the  
2 issuer; and

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

6 **SEC. 4. REPORTS.**

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

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

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

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

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