

117TH CONGRESS
1ST SESSION

H. R. 3448

To provide for a 5-year extension of certain exemptions and reduced disclosure requirements for companies that were emerging growth companies and would continue to be emerging growth companies but for the 5-year restriction on emerging growth companies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 2021

Mr. STEIL (for himself, Mr. HOLLINGSWORTH, and Mr. HILL) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To provide for a 5-year extension of certain exemptions and reduced disclosure requirements for companies that were emerging growth companies and would continue to be emerging growth companies but for the 5-year restriction on emerging growth companies, 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 “Helping Startups Con-
5 tinue To Grow Act”.

1 **SEC. 2. ON-RAMP EXTENSION.**

2 (a) DEFINITION OF A RECENT EMERGING GROWTH
3 COMPANY.—

4 (1) SECURITIES ACT OF 1933.—Section 2(a) of
5 the Securities Act of 1933 (15 U.S.C. 77b(a)) is
6 amended by adding at the end the following:

7 “(20) RECENT EMERGING GROWTH COM-
8 PANY.—The term ‘recent emerging growth company’
9 means an issuer that—

10 “(A) was, but is no longer, an emerging
11 growth company;

12 “(B) would continue to be an emerging
13 growth company but for the application of sub-
14 paragraph (B) of paragraph (19); and

15 “(C) ceased to be an emerging growth
16 company within the previous 5-year period.”.

17 (2) SECURITIES EXCHANGE ACT OF 1934.—Sec-
18 tion 3(a) of the Securities Exchange Act of 1934
19 (15 U.S.C. 78c(a)) is amended—

20 (A) by redesignating the second paragraph
21 (80) as paragraph (81); and

22 (B) by adding at the end the following:

23 “(82) RECENT EMERGING GROWTH COM-
24 PANY.—The term ‘recent emerging growth company’
25 means an issuer that—

1 “(A) was, but is no longer, an emerging
2 growth company;

3 “(B) would continue to be an emerging
4 growth company but for the application of sub-
5 paragraph (B) of paragraph (80); and

6 “(C) ceased to be an emerging growth
7 company within the previous 5-year period.”.

8 (b) STREAMLINED FINANCIAL DISCLOSURES.—

9 (1) SECURITIES ACT OF 1933.—Section 7(a)(2)
10 of the Securities Act of 1933 (15 U.S.C. 77g(a)(2))
11 is amended—

12 (A) by inserting after “An emerging
13 growth company” the following: “and a recent
14 emerging growth company”; and

15 (B) in subparagraph (A)—

16 (i) by striking “such emerging growth
17 company” and inserting “such company”;
18 and

19 (ii) by striking “an emerging growth
20 company” and inserting “such company”.

21 (2) SECURITIES EXCHANGE ACT OF 1934.—Sec-
22 tion 13(a) of the Securities Exchange Act of 1934
23 (15 U.S.C. 78m(a)) is amended by adding at the
24 end the following: “The previous sentence shall
25 apply, to the same extent as such sentence applies

1 to an emerging growth company, to a recent emerg-
2 ing growth company.”.

3 (3) OTHER DISCLOSURES.—A recent emerging
4 growth company (as defined under section 2 of the
5 Securities Act of 1933) may comply with section
6 229.303(a) of title 17, Code of Federal Regulations,
7 or any successor thereto, by providing information
8 required by such section with respect to the financial
9 statements of the company for each period presented
10 pursuant to section 7(a) of the Securities Act of
11 1933 (15 U.S.C. 77g(a)). Such a company may com-
12 ply with section 229.402 of title 17, Code of Federal
13 Regulations, or any successor thereto, by disclosing
14 the same information as any issuer with a market
15 value of outstanding voting and nonvoting common
16 equity held by non-affiliates of less than
17 \$75,000,000.

18 (c) DRAFT REGISTRATION STATEMENTS.—Section
19 6(e)(1) of the Securities Act of 1933 (15 U.S.C. 77f(e)(1))
20 is amended—

21 (1) by striking “emerging growth company”
22 each place such term appears and inserting “emerg-
23 ing growth company or recent emerging growth com-
24 pany”; and

(2) by striking “emerging market growth company” and inserting “emerging growth company or recent emerging growth company”.

(d) EXECUTIVE COMPENSATION DISCLOSURES.—

(1) CERTAIN SHAREHOLDER DISCLOSURES.—
Section 14A(e)(2) of the Securities Exchange Act of 1934 (15 U.S.C. 78n–1(e)) is amended—

(A) in subparagraph (A), by striking “An emerging growth company” and inserting the following “Any emerging growth company or recent emerging growth company”; and

(B) in subparagraph (B)—

(i) in the heading, by striking “TERMINATION OF EMERGING GROWTH COMPANY TREATMENT” and inserting “EXEMPTION”;

(ii) by striking “an emerging growth company but is no longer an emerging growth company” and inserting “exempt under subparagraph (A) but is no longer exempt”; and

(iii) in clause (ii), by inserting before the period the following: “or a recent emerging growth company”.

1 (2) PAY RATIO DISCLOSURES.—Section
2 953(b)(1) of the Investor Protection and Securities
3 Reform Act of 2010 (15 U.S.C. 78l note) is amend-
4 ed, by striking “, as that term is defined in” and in-
5 serting “or a recent emerging growth company, as
6 such terms are defined, respectively, under”.

7 (3) PAY VS. PERFORMANCE DISCLOSURES.—
8 Section 14(i) of the Securities Exchange Act of 1934
9 (15 U.S.C. 78n(i)) is amended by inserting after
10 “emerging growth company” the following: “or a re-
11 cent emerging growth company”.

12 (4) SIMPLIFIED EXECUTIVE COMPENSATION
13 DISCLOSURES.—The Securities and Exchange Com-
14 mission shall amend section 229.402(l) of title 17,
15 Code of Federal Regulations, to permit a recent
16 emerging growth company (as defined under section
17 2 of the Securities Act of 1933) to make use of the
18 same scaled disclosures for executive compensation
19 that are available pursuant to such section for small-
20 er reporting companies and emerging growth compa-
21 nies.

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