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

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

SEC. 4502. ASSESSMENT OF SHAREHOLDER PREFERENCES FOR DISBURSEMENTS FOR POLITICAL PURPOSES.

(a) Assessment Required.—The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 10D the following:

“SEC. 10E. ASSESSMENT OF SHAREHOLDER PREFERENCES FOR DISBURSEMENTS FOR POLITICAL PURPOSES.

“(a) Assessment Required Before Making a Disbursement for a Political Purpose.—

“(1) Requirement.—An issuer with an equity security listed on a national securities exchange may not make a disbursement for a political purpose unless—

“(A) the issuer has in place procedures to assess the preferences of the shareholders of the issuer with respect to making such disbursements; and
“(B) such an assessment has been made within the 1-year period ending on the date of such disbursement.

“(2) Treatment of Issuers Whose Shareholders Are Prohibited From Expressing Preferences.—Notwithstanding paragraph (1), an issuer described under such paragraph with procedures in place to assess the preferences of its shareholders with respect to making disbursements for political purposes shall not be considered to meet the requirements of such paragraph if a majority of the number of the outstanding equity securities of the issuer are held by persons who are prohibited from expressing partisan or political preferences by law, contract, or the requirement to meet a fiduciary duty.

“(b) Assessment Requirements.—The assessment described under subsection (a) shall assess—

“(1) which types of disbursements for a political purpose the shareholder believes the issuer should make;

“(2) whether the shareholder believes that such disbursements should be made in support of, or in opposition to, Republican, Democratic, Independent,
or other political party candidates and political committees;

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

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

“(c) DISBURSEMENT FOR A POLITICAL PURPOSE DEFINED.—

“(1) IN GENERAL.—For purposes of this section, the term ‘disbursement for a political purpose’ means any of the following:

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

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

“(C) A disbursement for any public communication, as defined in section 301(22) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30101(22))—
“(i) which expressly advocates the election or defeat of a clearly identified candidate for election for Federal office, or is the functional equivalent of express advocacy because, when taken as a whole, it can be interpreted by a reasonable person only as advocating the election or defeat of a candidate for election for Federal office; or

“(ii) which refers to a clearly identified candidate for election for Federal office and which promotes or support a candidate for that office, or attacks or opposes a candidate for that office, without regard to whether the communication expressly advocates a vote for or against a candidate for that office.

“(D) Any other disbursement which is made for the purpose of influencing the outcome of an election for a public office.

“(E) Any transfer of funds to another person which is made with the intent that such person will use the funds to make a disbursement described in subparagraphs (A) through
(D), or with the knowledge that the person will use the funds to make such a disbursement.

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


“(B) Any transfer of funds to another person which is made in a commercial transaction in the ordinary course of any trade or business conducted by the corporation or in the form of investments made by the corporation.

“(C) Any transfer of funds to another person which is subject to a written prohibition against the use of the funds for a disbursement for a political purpose.

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

(b) CONFORMING AMENDMENT TO FEDERAL ELECTION CAMPAIGN ACT OF 1971 TO PROHIBIT DISBURSE-
MENTS BY CORPORATIONS FAILING TO ASSESS PREFERENCES.—Section 316 of the Federal Election Campaign Act of 1971 (52 U.S.C. 30118) is amended by adding at the end the following new subsection:

“(d) PROHIBITING DISBURSEMENTS BY CORPORATIONS FAILING TO ASSESS SHAREHOLDER PREFERENCES.—

“(1) PROHIBITION.—It shall be unlawful for a corporation to make a disbursement for a political purpose unless the corporation has in place procedures to assess the preferences of its shareholders with respect to making such disbursements, as provided in section 10E of the Securities Exchange Act of 1934.

“(2) DEFINITION.—In this section, the term ‘disbursement for a political purpose’ has the meaning given such term in section 10E(c) of the Securities Exchange Act of 1934.”.

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