

impactful legislation, and I urge all my colleagues to vote for this bill.

Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2792, the Small Entity Update Act, sponsored by the gentlewoman from Missouri.

This bill directs the SEC to carry out a study and rulemaking, if appropriate, on its definitions of "small entities" under the Regulatory Flexibility Act to ensure that the SEC accounts for impacts on businesses when pursuing rulemakings.

The Regulatory Flexibility Act provides small entities with an expanded opportunity to participate in the development of certain regulations. Through the study contemplated under the bill, "small entities" under SEC's jurisdiction would gain a louder voice when it comes to the development of SEC regulations that directly apply to them.

I am pleased that Mrs. WAGNER was willing to accept changes to this bill I pressed for that would ensure that the SEC remains in exclusive control of the study, and whatever the outcome of the study, SEC's actions would be consistent with its overall mission.

Mr. Speaker, I thank Mrs. WAGNER for working with us on this bill. I also thank Mrs. WAGNER for working with Mr. CASTEN to include his suggestion related to an inflation adjustment for this bill.

Mr. Speaker, I urge my colleagues to vote "yes" on this bill, and I yield back the balance of my time.

Mrs. WAGNER. Mr. Speaker, I have no further requests for time.

Mr. Speaker, I urge my colleagues to support H.R. 2792, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise today in support of H.R. 2792, the Small Entity Update Act.

H.R. 2792 would require the Securities and Exchange Commission to carry out a study and rulemaking on the definition of the term "small entity" for purposes of the securities laws, and other purposes.

Agencies are required to consider the impact of their rules on small entities under the Regulatory Flexibility Act.

Under the bill, the SEC must provide specific and detailed recommendations to Congress on how the SEC can revise the definition of small entity to (1) align with specified statutory goals, including reducing unnecessary burdens on small entities; and (2) to expand the number of entities covered.

Currently, the term "small entity" includes any definition established by the SEC of the term "small business", "small organization", or "small governmental jurisdiction", with respect to the activities of the Commission.

This bill would direct the SEC to modernize the criteria it uses to define a "small entity" to reflect the growth of the U.S. economy and the evolution of the capital markets since the last time the small entity definition was addressed.

H.R. 2792 requests the study occur no later than one year after the date of enactment of this Act, and once every 5 years after.

The Congressional Budget Office (CBO) estimates implementation of this bill would cost about \$2 million over the 2023–2028 period.

However, since the SEC is authorized to collect fees each year to offset its annual appropriation, CBO expects that the net effect on discretionary spending over the 2023–2028 period would be negligible, assuming appropriation actions consistent with that authority.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Missouri (Mrs. WAGNER) that the House suspend the rules and pass the bill, H.R. 2792, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mrs. WAGNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

ENHANCING MULTI-CLASS SHARE DISCLOSURES ACT

Mrs. WAGNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2795) to amend the Securities Exchange Act of 1934 to require issuers with a multi-class stock structure to make certain disclosures in any proxy or consent solicitation material, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2795

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Enhancing Multi-Class Share Disclosures Act".

SEC. 2. DISCLOSURE RELATING TO MULTI-CLASS SHARE STRUCTURES.

Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) is amended by adding at the end the following:

"(1) DISCLOSURE RELATING TO MULTI-CLASS SHARE STRUCTURES.—

"(1) DISCLOSURE.—The Commission shall, by rule, require each issuer with a multi-class share structure to disclose the information described in paragraph (2) in any proxy or consent solicitation material for an annual meeting of the shareholders of the issuer, or any other filing as the Commission determines appropriate.

"(2) CONTENT.—A disclosure made under paragraph (1) shall include, with respect to each person who is a director, director nominee, or named executive officer of the issuer, or who is the beneficial owner of securities with 5 percent or more of the total combined voting power of all classes of securities entitled to vote in the election of directors—

"(A) the number of shares of all classes of securities entitled to vote in the election of directors beneficially owned by such person, expressed as a percentage of the total number of the outstanding securities of the issuer entitled to vote in the election of directors; and

"(B) the amount of voting power held by such person, expressed as a percentage of the total combined voting power of all classes of the securities of the issuer entitled to vote in the election of directors.

"(3) MULTI-CLASS SHARE STRUCTURE.—In this subsection, the term 'multi-class share structure' means a capitalization structure that contains 2 or more classes of securities that have differing amounts of voting rights in the election of directors."

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Missouri (Mrs. WAGNER) and the gentlewoman from California (Ms. WATERS) each will control 20 minutes.

The Chair recognizes the gentlewoman from Missouri.

GENERAL LEAVE

Mrs. WAGNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mrs. WAGNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2795, the Enhancing Multi-Class Share Disclosures Act.

Mr. Speaker, I thank my colleague from the other side of the aisle, Congressman MEEKS, for his work on this thoughtful piece of bipartisan legislation that improves the information shareholders receive about voting powers in the companies in which they invest.

Since the late 1800s, U.S. companies have utilized multi-class share structures. The original intent behind these structures was to allow companies, particularly family-run enterprises, to maintain voting control without having to own the majority of equity in their company.

There have been several efforts to limit the availability of multi-class share structures in the past. For example, starting in 1926 and ending in 1985, some national securities exchanges restricted the number of multi-class shares that were allowed to list on those exchanges.

In response to the increasing competitiveness of national securities exchanges in the 1980s, the exchanges eased those restrictions on multi-class share structures. While the SEC Investor Advisory Committee has called for more mandatory disclosures from companies with multi-class shares, the SEC does not currently require companies to disclose the gap between the equity an individual holds in the company and the number of voting shares they control, although many companies already disclose those for their shareholders voluntarily.

By requiring disclosures regarding voting power, particularly regarding officers and directors and those who have more than 5 percent voting power, H.R. 2795 will ensure that shareholders receive more uniform information in proxy materials.

Mr. Speaker, rather than prohibiting multi-class share structures altogether, H.R. 2795 represents a thoughtful and balanced approach to enhance

transparency without eliminating class structures that encourage founders that may not otherwise go public to do so.

Mr. Speaker, for these reasons, I support H.R. 2795, and I urge my colleagues to support this bill.

Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2795, the Enhancing Multi-Class Share Disclosures Act, sponsored by the gentleman from New York.

This bill closes documented gaps around multi-class governance structures. Multi-class governance structures are those where corporate insiders or beneficial owners retain an outsized amount of voting power relative to their shares.

These structures, while they may add value, can pose significant risks to other investors, making sunlight ever more important for investors. Specifically, these structures limit investors' ability to influence management, direct strategy, and hold misaligned boards accountable.

Under current rules, the difference between a corporate insider's voting power and their ownership interest, regardless of how large that gap may be, is often disclosed in ways that are difficult for a retail investor to fully comprehend.

Accordingly, the SEC Investor Advisory Committee recommended that the SEC amend its rules to ensure that this gap is better identified and quantified for investors via a disclosed ratio. This commonsense bill adopts this recommendation to ensure investors have the clearest information available to make the best decision for themselves.

This bill is supported by the Council of Institutional Investors, whose members manage trillions of dollars of assets for people all across America.

Mr. Speaker, I urge my colleagues to support this bill, and I reserve the balance of my time.

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Mrs. WAGNER. Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. MEEKS), the sponsor of this bill.

Mr. MEEKS. Mr. Speaker, I rise today to urge support of H.R. 2795, the Enhancing Multi-Class Share Disclosures Act.

I thank Ranking Member WATERS for her leadership, her continued support of this legislation as she just articulated, as well as Chairwoman WAGNER, for her support so that we really have a bipartisan bill coming together for something that is really important.

This bill, as indicated by both Ms. WATERS and Mrs. WAGNER, closes documented gaps in transparency around multi-class governance and structures for the benefit of traditional investors, which is important because traditional

investors often come from Main Street, and we want to make sure that Main Street has all of the information it needs to go further with Wall Street.

These structures, while they may add value, can pose, as indicated, significant risks for investors. As also indicated, multi-class governance structures allow corporate insiders or beneficial owners to own an outsized amount of voting power relative to their shares. This could limit other investors' abilities to influence management, direct strategy, and hold misaligned boards accountable. Accountability, having a voice, that is what this bill does.

Let me be clear: I want to make sure that multi-class governance structures, while they do have their value, we know reforms are necessary, and their outright ban would do little for Main Street investors looking to gain a return on their next startup. We have seen companies employ these structures to access the public markets and open their profits to everyday investors, while still retaining the vision and direction of their founders.

Information is at the core of any well-working capital market system.

The SPEAKER pro tempore. The time of the gentleman has expired.

Ms. WATERS. Mr. Speaker, I yield an additional 1 minute to the gentleman from New York.

Mr. MEEKS. As I said, we have seen companies employ these structures to access the public markets and open their profits to everyday investors. That is what it is about, the everyday investors. Open those profits so that we can see what they are, while still retaining the vision and the direction of their founders so it doesn't stop it. It makes sure there is transparency and information.

Information is at the core of any well-working capital market system and more robust information is always best for investors. This bill will ensure that Main Street can make an informed decision as they look to invest in tomorrow's next successful business.

Mr. Speaker, I urge all of my colleagues to support this bill.

Mrs. WAGNER. Mr. Speaker, are there further requests for time on the other side or does the gentleman from California yield back?

Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself the balance of my time.

This bill is pro-transparency, pro-investor, pro-corporate accountability. It strengthens investors' and other stakeholders' ability to understand the risks associated with investing in companies that have dual-class share structures.

Mr. Speaker, I again urge my colleagues to support this bill, and I yield back the balance of my time.

Mrs. WAGNER. Mr. Speaker, I simply urge my colleagues to support H.R. 2795, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise today in support of H.R. 2795, the Enhancing Multi-Class Share Disclosures Act.

H.R. 2795 would amend the Securities Exchange Act of 1934 to require issuers with a multi-class stock structure to make certain disclosures in any proxy or consent solicitation material, and for other purposes.

A multi-class share structure occurs when a company issues two or more classes of shares that have different voting rights.

Under the bill, the issuer must disclose certain information about each director, director nominee, named executive officer, and each beneficial owner of securities with 5% or more of the total combined voting power of all classes of securities entitled to vote in the election of directors.

Specifically, the issuer must disclose (1) the number of shares of all classes of securities entitled to vote in the election of directors beneficially owned by such person, and (2) the amount of voting power held by such person.

The Enhancing Multi-Class Share Disclosures Act is both timely and necessary to close documented gaps in transparency around multi-class governance structures.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mrs. WAGNER) that the House suspend the rules and pass the bill, H.R. 2795, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mrs. WAGNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

PROMOTING OPPORTUNITIES FOR NON-TRADITIONAL CAPITAL FORMATION ACT

Mrs. WAGNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2796) to amend the Securities Exchange Act of 1934 to require the Advocate for Small Business Capital Formation to provide educational resources and host events to promote capital raising options for traditionally underrepresented small businesses, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2796

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Promoting Opportunities for Non-Traditional Capital Formation Act".

SEC. 2. PROMOTING CAPITAL RAISING OPTIONS FOR TRADITIONALLY UNDERREPRESENTED SMALL BUSINESSES.

Section 4(j)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(j)(4)) is amended—

(1) in subparagraph (G), by striking "and" at the end;

(2) in subparagraph (H), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

"(I) provide educational resources and host events to raise awareness of capital raising options for—