

117TH CONGRESS
2D SESSION

S. 4857

To amend the Securities Exchange Act of 1934 to require companies to file public reports after meeting certain quantitative thresholds, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 15, 2022

Mr. REED (for himself, Ms. CORTEZ MASTO, and Ms. WARREN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Securities Exchange Act of 1934 to require companies to file public reports after meeting certain quantitative thresholds, 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 “Private Markets
5 Transparency and Accountability Act”.

6 **SEC. 2. REQUIREMENT TO FILE REGISTRATION STATE-**
7 **MENT.**

8 (a) IN GENERAL.—Section 12(g) of the Securities
9 Exchange Act of 1934 (15 U.S.C. 78l(g)) is amended—

1 (1) in paragraph (1)—

2 (A) in subparagraph (A)—

3 (i) in clause (i), by moving the mar-
4 gins 2 ems to the right; and

5 (ii) in clause (ii)—

6 (I) by moving the margins 2 ems
7 to the right; and

8 (II) by striking “and” at the end;

9 (B) by redesignating subparagraph (B) as
10 subparagraph (D); and

11 (C) by inserting after subparagraph (A)
12 the following:

13 “(B) within 18 months after the last day of the
14 first fiscal year ended on which the issuer has a
15 valuation exceeding \$700,000,000 (excluding the
16 value of shares held by affiliates of the issuer),

17 “(C) within 18 months after the last day of the
18 first fiscal year ended on which the issuer has—

19 “(i) revenues exceeding \$5,000,000,000;
20 and

21 “(ii) not less than 5,000 employees, and”;

22 (2) in paragraph (4)—

23 (A) in the first sentence—

24 (i) by striking “Registration” and in-
25 serting the following: “Except in the case

1 of an issuer, the registration of a security
 2 of which is required under paragraph
 3 (1)(B), registration”; and

4 (ii) by striking “persons persons” and
 5 inserting “persons”; and

6 (B) by inserting after the first sentence
 7 the following: “In the case of an issuer, the reg-
 8 istration of a security of which is required
 9 under paragraph (1)(B), registration of the se-
 10 curity may be terminated at the discretion of
 11 the Commission if the Commission finds, based
 12 on a certification submitted by the issuer under
 13 paragraph (7), and such other data and infor-
 14 mation as the Commission may require, that
 15 the valuation of the issuer has fallen below
 16 \$250,000,000.”; and

17 (3) by adding at the end the following:

18 “(7) CERTIFICATION REQUIRED.—With respect
 19 to an issuer, the registration of a security of which
 20 is required under paragraph (1)(B), the issuer shall
 21 submit to the Commission an annual certification
 22 with respect to the value of shares held by affiliates
 23 of the issuer (along with shareholdings of those af-
 24 filiates), beginning on the date on which that secu-
 25 rity is first registered under that provision or such

1 earlier date on which the Commission requests infor-
2 mation about the valuation of the issuer or the hold-
3 ings of the affiliates of the issuer.

4 “(8) REGISTRATION.—

5 “(A) IN GENERAL.—Except as provided in
6 subparagraph (B), with respect to an issuer,
7 the registration of a security of which is re-
8 quired under subparagraph (B) or (C) of para-
9 graph (1), the issuer shall file with the Commis-
10 sion such supplementary and periodic informa-
11 tion, documents, and reports as may be re-
12 quired by the Commission under section 13 for
13 a security registered under this section.

14 “(B) APPLICATION.—The requirement
15 under subparagraph (A) shall cease to apply
16 with respect to an issuer on the earlier of—

17 “(i) 18 months after the first fiscal
18 year on which the issuer meets the thresh-
19 olds in subparagraph (A) or (B) of para-
20 graph (1); or

21 “(ii) the date of the first sale of com-
22 mon equity securities of the issuer pursu-
23 ant to an effective registration statement
24 under the Securities Act of 1933 (15
25 U.S.C. 77a et seq.).

1 “(9) DEFINITIONS; DETERMINATIONS.—

2 “(A) DEFINITIONS.—For purposes of
3 paragraphs (1) and (7), with respect to an
4 issuer—

5 “(i) the term ‘affiliate’ has the mean-
6 ing given the term in section 230.405 of
7 title 17, Code of Federal Regulations, as in
8 effect on the date of enactment of this
9 paragraph; and

10 “(ii) the term ‘employee’ includes—

11 “(I) any individual performing
12 clerical, administrative, support, or
13 other similar function for the issuer;
14 and

15 “(II) any independent contractor
16 acting on behalf of the issuer.

17 “(B) DETERMINATIONS.—The procedures
18 and criteria to be used in determining the valu-
19 ation of an issuer for the purposes of paragraph
20 (1)(B) may, as determined by the Commission,
21 by rule—

22 “(i) require a minimum trading pe-
23 riod;

24 “(ii) rely on sales in a private market;
25 or

1 “(iii) rely on certified financial state-
2 ments.”.

3 (b) RULES.—

4 (1) FILINGS.—The Securities and Exchange
5 Commission may, by rule, as the Commission deter-
6 mines consistent with the public interest and the
7 protection of investors, tailor the content of the in-
8 formation, documents, or reports required to be filed
9 by an issuer, the registration of a security of which
10 is required under paragraph (1)(C) of section
11 12(g)(1) of the Securities Exchange Act of 1934 (15
12 U.S.C. 78l(g)(1)), as added by subsection (a).

13 (2) TRANSITION THRESHOLDS.—The Securities
14 and Exchange Commission may, by rule, establish
15 transition thresholds for exiting from status as a re-
16 porting company under subparagraphs (B) and (C)
17 of section 12(g)(1) of the Securities Exchange Act
18 of 1934 (15 U.S.C. 78l(g)(1)), as added by sub-
19 section (a).

20 (3) INVESTMENT COMPANIES.—

21 (A) DEFINITION.—In this paragraph, the
22 term “covered investment company” means a
23 person that is excluded from the definition of
24 “investment company” under subsection (b) or

1 (c) of section 3 of the Investment Company Act
2 of 1940 (15 U.S.C. 80a-3).

3 (B) POTENTIAL EXEMPTION.—The Securi-
4 ties and Exchange Commission may, by rule,
5 exempt covered investment companies from the
6 meaning of the term “issuer” for purposes of
7 subparagraph (B) of section 12(g)(1) of the Se-
8 curities Exchange Act of 1934 (15 U.S.C.
9 78l(g)(1)), as added by subsection (a), if the
10 Commission finds that doing so is—

11 (i) necessary or appropriate in the
12 public interest or for the protection of in-
13 vestors; or

14 (ii) otherwise in furtherance of the
15 purposes of the Securities Exchange Act of
16 1934 (15 U.S.C. 78a et seq.).

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