

118TH CONGRESS
1ST SESSION

H. R. 3694

To prohibit public companies from repurchasing their shares on the open market, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 25, 2023

Mr. GARCÍA of Illinois (for himself, Mr. KHANNA, Ms. HOYLE of Oregon, Mr. BOWMAN, Ms. BUSH, Mr. CARSON, Mr. CASAR, Ms. DELAURO, Mr. DELUZIO, Mr. DESAULNIER, Mr. FROST, Mr. GRIJALVA, Ms. JACKSON LEE, Ms. JAYAPAL, Mr. JOHNSON of Georgia, Mr. LANDSMAN, Ms. LEE of California, Ms. LEE of Pennsylvania, Mr. LIEU, Ms. MCCOLLUM, Mr. MCGOVERN, Mr. NORCROSS, Ms. NORTON, Ms. OCASIO-CORTEZ, Ms. OMAR, Mr. POCAN, Ms. PORTER, Ms. SCHAKOWSKY, Ms. TLAIB, and Mrs. WATSON COLEMAN) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To prohibit public companies from repurchasing their shares on the open market, 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 “Reward Work Act”.

5 **SEC. 2. PROHIBITION ON STOCK BUYBACKS ON THE OPEN** 6 **MARKET.**

7 (a) **DEFINITIONS.**—In this section—

1 (1) the terms “equity security”, “exchange”,
2 and “issuer” have the meanings given the terms in
3 section 3 of the Securities Exchange Act of 1934
4 (15 U.S.C. 78c); and

5 (2) the term “national securities exchange”
6 means an exchange registered under section 6 of the
7 Securities Exchange Act of 1934 (15 U.S.C. 78f).

8 (b) PROHIBITIONS.—Notwithstanding any other pro-
9 vision of law, no issuer may purchase an equity security
10 of the issuer on a national securities exchange.

11 (c) NO FORCE OR EFFECT.—Section 240.10b–18 of
12 title 17, Code of Federal Regulations, shall have no force
13 or effect.

14 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
15 tion may be construed to affect tender offers subject to
16 section 240.13e–4 and sections 240.14e–1 through
17 240.14f–1 of title 17, Code of Federal Regulations.

18 **SEC. 3. WORKER REPRESENTATION ON CORPORATE BOARD**
19 **OF DIRECTORS.**

20 (a) DEFINITIONS.—In this section—

21 (1) the term “director” has the meaning given
22 the term in section 3 of the Securities Exchange Act
23 of 1934 (15 U.S.C. 78c); and

24 (2) the term “employee”—

1 (A) has the meaning given the term in sec-
2 tion 2 of the National Labor Relations Act (29
3 U.S.C. 152); and

4 (B) includes any individual employed by an
5 employer subject to the Railway Labor Act (45
6 U.S.C. 151 et seq.).

7 (b) REGISTRATION REQUIREMENTS FOR SECURI-
8 TIES.—Section 12 of the Securities Exchange Act of 1934
9 (15 U.S.C. 78l) is amended by adding at the end the fol-
10 lowing:

11 “(m) No issuer may register securities on a national
12 exchange unless at least $\frac{1}{3}$ of the issuer’s directors are
13 chosen by the issuing company’s employees in a one-em-
14 ployee-one-vote election process.”.

15 (c) POLICY.—The Securities and Exchange Commis-
16 sion, in consultation with the National Labor Relations
17 Board, shall promulgate regulations—

18 (1) to ensure that director elections at issuing
19 firms are fair and democratic; and

20 (2) to ensure that $\frac{1}{3}$ of an issuer’s board of di-
21 rectors will be composed of employee representatives
22 within 2 years of the date of enactment of this Act.

23 **SEC. 4. REGULATIONS.**

24 The Securities and Exchange Commission shall pro-
25 mulgate regulations to direct national securities exchanges

- 1 and issuers, as defined in section 2(a), to comply with this
- 2 Act and the amendments made by this Act.

