

116TH CONGRESS
2D SESSION

S. 3540

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

IN THE SENATE OF THE UNITED STATES

MARCH 19, 2020

Mr. SCHUMER (for Ms. BALDWIN (for herself, Mr. BLUMENTHAL, Mr. MARKEY, and Mr. SANDERS)) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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—

8 (1) the term “covered issuer” means an issuer
9 that—

1 (A) receives financial assistance relating to
 2 the coronavirus disease 2019 (COVID–19) pan-
 3 demic; and

4 (B) has repurchased more than
 5 \$1,000,000,000 of the securities of the issuer
 6 on the open market over the during the pre-
 7 vious 5-year period;

8 (2) the terms “equity security”, “exchange”,
 9 and “issuer” have the meanings given the terms in
 10 section 3 of the Securities Exchange Act of 1934
 11 (15 U.S.C. 78c); and

12 (3) the term “national securities exchange”
 13 means an exchange registered under section 6 of the
 14 Securities Exchange Act of 1934 (15 U.S.C. 78f).

15 (b) PROHIBITIONS.—Notwithstanding any other pro-
 16 vision of law, no covered issuer may purchase an equity
 17 security of the covered issuer on a national securities ex-
 18 change.

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

22 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
 23 tion may be construed to affect tender offers subject to
 24 section 240.13e–4 and sections 240.14e–1 through
 25 240.14f–1 of title 17, Code of Federal Regulations.

1 **SEC. 3. WORKER REPRESENTATION ON CORPORATE BOARD**
 2 **OF DIRECTORS.**

3 (a) DEFINITIONS.—In this section—

4 (1) the term “covered issuer” has the meaning
 5 given the term in section 2(a);

6 (2) the term “director” has the meaning given
 7 the term in section 3 of the Securities Exchange Act
 8 of 1934 (15 U.S.C. 78c); and

9 (3) the term “employee”—

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

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

16 (b) REGISTRATION REQUIREMENTS FOR SECURI-
 17 TIES.—Section 12(b) of the Securities Exchange Act of
 18 1934 (15 U.S.C. 78l(b)(1)) is amended by adding at the
 19 end the following:

20 “(4)(A) In this paragraph, the term ‘covered
 21 issuer’ means an issuer that—

22 “(i) receives financial assistance relating to
 23 the coronavirus disease 2019 (COVID–19) pan-
 24 demic; and

25 “(ii) has repurchased more than
 26 \$1,000,000,000 of the securities of the issuer

1 on the open market over the during the pre-
2 vious 5-year period.

3 “(B) No covered issuer may register securities
4 on a national exchange unless at least $\frac{1}{3}$ of the cov-
5 ered issuer’s directors are chosen by the covered
6 issuer’s employees in a one-employee-one-vote elec-
7 tion process.”.

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

11 (1) to ensure that elections of directors of cov-
12 ered issuers are fair and democratic; and

13 (2) to ensure that $\frac{1}{3}$ of a covered issuer’s
14 board of directors will be composed of employee rep-
15 resentatives within 2 years of the date of enactment
16 of this Act.

17 **SEC. 4. REGULATIONS.**

18 The Securities and Exchange Commission shall pro-
19 mulgate regulations to direct national securities exchanges
20 and covered issuers, as defined in section 2(a), to comply
21 with this Act and the amendments made by this Act.

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