II

117TH CONGRESS
2D SESSION

S. 5005

To amend the Securities Act of 1933 to require that information required to be disclosed to the Securities and Exchange Commission by issuers be material to investors of those issuers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2022

Mr. ROUNDS (for himself, Ms. LUMMIS, Mr. TILLIS, Mr. HAGERTY, Mr. BOOZMAN, Mr. DAINES, Mr. GRASSLEY, and Mr. SULLIVAN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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A BILL

To amend the Securities Act of 1933 to require that information required to be disclosed to the Securities and Exchange Commission by issuers be material to investors of those issuers, and for other purposes.

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 ‘‘Mandatory Materiality Requirement Act of 2022’’.

SEC. 2. LIMITATION ON DISCLOSURE REQUIREMENTS.

(a) SECURITIES ACT OF 1933.—Section 2(b) of the Securities Act of 1933 (15 U.S.C. 77b(b)) is amended—

(1) in the subsection heading, by inserting "; LIMITATION ON DISCLOSURE REQUIREMENTS" after "FORMATION";

(2) by striking "Whenever" and inserting the following:

"(1) IN GENERAL.—Whenever"; and

(3) by adding at the end the following:

"(2) LIMITATION.—

"(A) IN GENERAL.—Whenever pursuant to this title the Commission is engaged in rulemaking regarding disclosure obligations of issuers, the Commission may impose a disclosure requirement on an issuer only if the Commission expressly determines that there is a substantial likelihood that a reasonable investor of the issuer would consider the information disclosed to the Commission under the requirement to be important with respect to an investment decision regarding the issuer.

"(B) APPLICABILITY.—Subparagraph (A) shall not apply with respect to the removal of any disclosure requirement with respect to an issuer.

"(C) Rule of construction.—For the purposes of this paragraph, information is important with respect to an investment decision made by an investor if there is a substantial likelihood that the investor would view the failure to disclose that information as having significantly altered the total mix of information made available to the investor.".

(b) Securities Exchange Act of 1934.—Section 3(f) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(f)) is amended—

(1) in the subsection heading, by inserting "; Limitation on Disclosure Requirements" after "Formation";

(2) by striking "Whenever" and inserting the following:

"(1) In general.—Whenever"; and

(3) by adding at the end the following:

"(2) Limitation.—

"(A) In general.—Whenever pursuant to this title the Commission is engaged in rulemaking regarding disclosure obligations of issuers, the Commission may impose a disclosure requirement on an issuer only if the Commission expressly determines that there is a substantial likelihood that a reasonable investor of the issuer would consider the information disclosed to the Commission under the requirement to be important with respect to an investment decision regarding the issuer.

"(B) APPLICABILITY.—Subparagraph (A) shall not apply with respect to the removal of any disclosure requirement with respect to an issuer.

"(C) RULE OF CONSTRUCTION.—For the purposes of this paragraph, information is important with respect to an investment decision made by an investor if there is a substantial likelihood that the investor would view the failure to disclose that information as having significantly altered the total mix of information made available to the investor.".

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