

118TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Securities Exchange Act of 1934 to allow for the registration of venture exchanges, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. KENNEDY introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Securities Exchange Act of 1934 to allow for the registration of venture exchanges, 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 “Main Street Growth  
5 Act”.

6 **SEC. 2. VENTURE EXCHANGES.**

7 (a) SECURITIES EXCHANGE ACT OF 1934.—Section  
8 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f)  
9 is amended by adding at the end the following:

10 “(m) VENTURE EXCHANGE.—

1           “(1) DEFINITIONS.—In this subsection:

2                   “(A) EARLY-STAGE, GROWTH COMPANY.—

3                           “(i) IN GENERAL.—The term ‘early-  
4 stage, growth company’ means an issuer—

5                                   “(I) that has not made any reg-  
6 istered initial public offering of any  
7 securities of the issuer; and

8                                   “(II) with a public float of not  
9 more than the value of public float re-  
10 quired to qualify as a large acceler-  
11 ated filer under section 240.12b–2 of  
12 title 17, Code of Federal Regulations,  
13 or any successor regulation.

14                           “(ii) TREATMENT WHEN PUBLIC  
15 FLOAT EXCEEDS THRESHOLD.—An issuer  
16 shall not cease to be an early-stage, growth  
17 company by reason of the public float of  
18 the issuer exceeding the threshold specified  
19 in clause (i)(II) until the later of—

20                                   “(I) the end of the period of 24  
21 consecutive months during which the  
22 public float of the issuer exceeds  
23 \$2,000,000,000 (as such amount is  
24 indexed for inflation every 5 years by  
25 the Commission to reflect the change

1 in the Consumer Price Index for All  
2 Urban Consumers published by the  
3 Bureau of Labor Statistics, setting  
4 the threshold to the nearest  
5 \$1,000,000); and

6 “(II) the end of the 1-year period  
7 following the end of the 24-month pe-  
8 riod described in subclause (I), if the  
9 issuer requests the 1-year extension  
10 from a venture exchange and the ven-  
11 ture exchange elects to provide that  
12 extension.

13 “(B) PUBLIC FLOAT.—With respect to an  
14 issuer, the term ‘public float’ means the aggre-  
15 gate worldwide market value of the voting and  
16 non-voting common equity of the issuer held by  
17 non-affiliates.

18 “(C) VENTURE SECURITY.—

19 “(i) IN GENERAL.—The term ‘venture  
20 security’ means—

21 “(I) a security of an early-stage,  
22 growth company that is exempt from  
23 registration pursuant to section 3(b)  
24 of the Securities Act of 1933 (15  
25 U.S.C. 77c(b));

1                   “(II) a security of an emerging  
2 growth company; or

3                   “(III) a security registered under  
4 section 12(b) and listed on a venture  
5 exchange (or, prior to listing on a ven-  
6 ture exchange, listed on a national se-  
7 curities exchange) where—

8                   “(aa) the issuer of the secu-  
9 rity has a public float that is not  
10 more than the value of public  
11 float required to qualify as a  
12 large accelerated filer under sec-  
13 tion 240.12b-2 of title 17, Code  
14 of Federal Regulations, or any  
15 successor regulation; or

16                   “(bb) the average daily  
17 trade volume is not more than  
18 75,000 shares during a contin-  
19 uous 60-day period.

20                   “(ii) TREATMENT WHEN PUBLIC  
21 FLOAT EXCEEDS THRESHOLD.—A security  
22 shall not cease to be a venture security by  
23 reason of the public float of the issuer of  
24 the security exceeding the threshold speci-

1                   fied in clause (i)(III)(aa) until the later  
2                   of—

3                               “(I) the end of the period of 24  
4                               consecutive months beginning on the  
5                               date on which—

6                                       “(aa) the public float of the  
7                                       issuer exceeds \$2,000,000,000;  
8                                       and

9                                       “(bb) the average daily  
10                                      trade volume of the security is  
11                                      not less than 100,000 shares  
12                                      during a continuous 60-day pe-  
13                                      riod; and

14                                     “(II) the end of the 1-year period  
15                                     following the end of the 24-month pe-  
16                                     riod described in subclause (I), if the  
17                                     issuer of the security requests the 1-  
18                                     year extension from a venture ex-  
19                                     change and the venture exchange  
20                                     elects to provide that extension.

21                   “(2) REGISTRATION.—

22                               “(A) IN GENERAL.—A person may register  
23                               (and a national securities exchange may reg-  
24                               ister a listing tier of the exchange) as a na-  
25                               tional securities exchange solely for the purpose

1 of trading venture securities by filing an appli-  
2 cation with the Commission pursuant to sub-  
3 section (a) and the rules and regulations there-  
4 under.

5 “(B) PUBLICATION OF NOTICE.—The  
6 Commission shall, upon the filing of an applica-  
7 tion under subparagraph (A), publish notice of  
8 the filing and afford interested persons an op-  
9 portunity to submit written data, views, and ar-  
10 guments concerning the application.

11 “(C) APPROVAL OR DENIAL.—

12 “(i) IN GENERAL.—Not later than 90  
13 days after the date on which a notice is  
14 published under subparagraph (B), or  
15 within such longer period as to which the  
16 applicant consents, the Commission shall—

17 “(I) by order grant the registra-  
18 tion; or

19 “(II) institute a denial pro-  
20 ceeding under clause (ii) to determine  
21 whether registration should be denied.

22 “(ii) DENIAL PROCEEDING.—

23 “(I) IN GENERAL.—A proceeding  
24 under clause (i)(II) shall—

1                   “(aa) include notice of the  
2                   grounds for denial under consid-  
3                   eration and opportunity for hear-  
4                   ing; and

5                   “(bb) be concluded not later  
6                   than 180 days after the date on  
7                   which the notice is published  
8                   under subparagraph (B).

9                   “(II) ORDER.—At the conclusion  
10                  of a proceeding under clause (i)(II),  
11                  the Commission shall by order grant  
12                  or deny the registration.

13                  “(III) EXTENSION.—The Com-  
14                  mission may extend the time for con-  
15                  clusion of a proceeding under clause  
16                  (i)(II) for a period of not more than  
17                  90 days if the Commission—

18                         “(aa) finds good cause for  
19                         the extension; and

20                         “(bb) publishes the reasons  
21                         for the finding described in item  
22                         (aa) or for such longer period as  
23                         to which the applicant consents.

24                         “(iii) CRITERIA FOR APPROVAL OR  
25                         DENIAL.—The Commission shall—

1                   “(I) grant a registration under  
2                   this paragraph if the Commission  
3                   finds that the requirements of this  
4                   Act and the rules and regulations  
5                   thereunder with respect to the appli-  
6                   cant are satisfied; and

7                   “(II) deny a registration under  
8                   this paragraph if the Commission does  
9                   not make the finding described in sub-  
10                  clause (I).

11                  “(3) POWERS AND RESTRICTIONS.—In addition  
12                  to the powers and restrictions otherwise applicable  
13                  to a national securities exchange, a venture ex-  
14                  change—

15                  “(A) may only constitute, maintain, or pro-  
16                  vide a marketplace or facilities for bringing to-  
17                  gether purchasers and sellers of venture securi-  
18                  ties;

19                  “(B) may not extend unlisted trading  
20                  privileges to any venture security;

21                  “(C) may only, if the venture exchange is  
22                  a listing tier of another national securities ex-  
23                  change, allow trading in securities that are reg-  
24                  istered under section 12(b) on a national securi-



1           ties exchange other than a venture exchange;  
2           and

3           “(D) may, subject to the rule filing process  
4           under section 19(b)—

5           “(i) determine the increment to be  
6           used for quoting and trading venture secu-  
7           rities on the exchange; and

8           “(ii) choose to carry out periodic auc-  
9           tions for the sale of a venture security in-  
10          stead of providing continuous trading of  
11          the venture security.

12          “(4) TREATMENT OF CERTAIN EXEMPTED SE-  
13          CURITIES.—A security that is exempt from registra-  
14          tion pursuant to section 3(b) of the Securities Act  
15          of 1933 (15 U.S.C. 77c(b)) shall be exempt from  
16          section 12(a) of this Act to the extent the security  
17          is traded on a venture exchange, if the issuer of the  
18          security is in compliance with—

19          “(A) all disclosure obligations of such sec-  
20          tion 3(b) and the regulations issued under such  
21          section; and

22          “(B) ongoing disclosure obligations of the  
23          applicable venture exchange that are similar to  
24          those provided by an issuer under tier 2, as de-  
25          scribed in sections 230.251 through 230.263 of

1 title 17, Code of Federal Regulations, or any  
2 successor regulations.

3 “(5) VENTURE SECURITIES TRADED ON VEN-  
4 TURE EXCHANGES MAY NOT TRADE ON NON-VEN-  
5 TURE EXCHANGES.—A venture security may not be  
6 traded on a national securities exchange that is not  
7 a venture exchange during any period in which the  
8 venture security is being traded on a venture ex-  
9 change.

10 “(6) COMMISSION AUTHORITY TO LIMIT CER-  
11 TAIN TRADING.—The Commission may limit trans-  
12 actions in venture securities that are not effected on  
13 a national securities exchange as appropriate to pro-  
14 mote efficiency, competition, capital formation, and  
15 to protect investors.

16 “(7) DISCLOSURES TO INVESTORS.—The Com-  
17 mission shall issue regulations to ensure that per-  
18 sons selling or purchasing venture securities on a  
19 venture exchange are provided disclosures sufficient  
20 to understand—

21 “(A) the characteristics unique to venture  
22 securities; and

23 “(B) in the case of a venture exchange  
24 that is a listing tier of another national securi-  
25 ties exchange, that the venture exchange is dis-

1           tinct from the other national securities ex-  
2           change.

3           “(8) RULE OF CONSTRUCTION.—Nothing in  
4           this subsection may be construed as requiring trans-  
5           actions in venture securities to be effected on a na-  
6           tional securities exchange.”.

7           (b) SECURITIES ACT OF 1933.—Section 18 of the Se-  
8           curities Act of 1933 (15 U.S.C. 77r) is amended—

9           (1) by redesignating subsection (d) as sub-  
10          section (e); and

11          (2) by inserting after subsection (c) the fol-  
12          lowing:

13          “(d) TREATMENT OF SECURITIES LISTED ON A VEN-  
14          TURE EXCHANGE.—Notwithstanding subsection (b), a se-  
15          curity is not a covered security pursuant to subsection  
16          (b)(1)(A) if the security is only listed, or authorized for  
17          listing, on a venture exchange, as defined in section 6(m)  
18          of the Securities Exchange Act of 1934 (15 U.S.C.  
19          78f(m)).”.

20          (c) SENSE OF CONGRESS.—It is the sense of Con-  
21          gress that the Securities and Exchange Commission  
22          should—

23          (1) when necessary or appropriate in the public  
24          interest and consistent with the protection of inves-  
25          tors, make use of the general exemptive authority of

1 the Commission under section 36 of the Securities  
2 Exchange Act of 1934 (15 U.S.C. 78mm) with re-  
3 spect to the provisions added by the amendments  
4 made by this section; and

5 (2) if the Commission determines appropriate,  
6 create an Office of Venture Exchanges within the  
7 Division of Trading and Markets of the Commission.

8 (d) RULE OF CONSTRUCTION.—Nothing in this sec-  
9 tion or the amendments made by this section shall be con-  
10 strued to impair or limit the construction of the anti-fraud  
11 provisions of the securities laws, as defined in section 3(a)  
12 of the Securities Exchange Act of 1934 (15 U.S.C.  
13 78c(a)), or the authority of the Securities and Exchange  
14 Commission under those provisions.

15 (e) EFFECTIVE DATE FOR TIERS OF EXISTING NA-  
16 TIONAL SECURITIES EXCHANGES.—In the case of a secu-  
17 rities exchange that is registered as a national securities  
18 exchange pursuant to section 6 of the Securities Exchange  
19 Act of 1934 (15 U.S.C. 78f) on the date of enactment  
20 of this Act, any election for a listing tier of that exchange  
21 to be treated as a venture exchange under subsection (m)  
22 of such section, as added by subsection (a) of this section,  
23 shall not take effect before the date that is 180 days after  
24 such date of enactment.