To require the Securities and Exchange Commission to issue rules requiring enhanced disclosures for blank check companies during initial public offering and pre-merger stages, and for other purposes.

IN THE SENATE OF THE UNITED STATES

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

A BILL

To require the Securities and Exchange Commission to issue rules requiring enhanced disclosures for blank check companies during initial public offering and pre-merger stages, and for other purposes.

Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Sponsor Promote and

Compensation Act”.

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SEC. 2. ENHANCED DISCLOSURES FOR BLANK CHECK COMPANIES DURING IPO AND PRE-MERGER STAGES.

(a) DEFINITIONS.—In this section—

(1) the term “blank check company” has the meaning given the term in section 7(b)(3) of the Securities Act of 1933 (15 U.S.C. 77g(b)(3)); and

(2) the term “Commission” means the Securities and Exchange Commission.

(b) DISCLOSURES.—Not later than 120 days after the date of enactment of this Act, the Commission shall issue rules—

(1) establishing enhanced disclosures for blank check companies during an initial public offering or prior to a merger, which shall require the disclosure of—

(A) the amount of cash per share expected to be held by the blank check company immediately prior to the merger under various redemption scenarios;

(B) any side payments or agreements to pay sponsors, blank check company investors, or private investors in public equity for their participation in the merger, including any rights or warrants to be issued post-merger and
the dilutive impact of those rights or warrants;

and

(C) any fees or other payments to the sponsor, underwriter, and any other party, including the dilutive impact of any warrant that remains outstanding after blank check company investors redeem shares pre-merger; and

(2) allowing the disclosures required under paragraph (1) to be more explicit to investors, in particular retail investors.