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(Original Signature of Member)

117TH CONGRESS
2D SESSION

H. R. _____

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

IN THE HOUSE OF REPRESENTATIVES

Mr. GARCÍA of Illinois introduced the following bill; which was referred to the Committee on _____

A BILL

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

SEC. 2. PROHIBITION ON STOCK BUYBACKS ON THE OPEN MARKET.

(a) DEFINITIONS.—In this section—

(1) the terms ''equity security'', ''exchange'', and ''issuer'' have the meanings given the terms in

section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c); and

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

(b) PROHIBITIONS.—Notwithstanding any other provision of law, no issuer may purchase an equity security of the issuer on a national securities exchange.

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

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

SEC. 3. WORKER REPRESENTATION ON CORPORATE BOARD OF DIRECTORS.

(a) DEFINITIONS.—In this section—

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

(2) the term ''employee''—

(A) has the meaning given the term in section 2 of the National Labor Relations Act (29 U.S.C. 152); and

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

(b) REGISTRATION REQUIREMENTS FOR SECURITIES.—Section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l) is amended by adding at the end the following:

''(m) No issuer may register securities on a national exchange unless at least ⅓ of the issuer's directors are chosen by the issuing company's employees in a one-employee-one-vote election process.''.

(c) POLICY.—The Securities and Exchange Commission, in consultation with the National Labor Relations Board, shall promulgate regulations—

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

(2) to ensure that ⅓ of an issuer's board of directors will be composed of employee representatives within 2 years of the date of enactment of this Act.

SEC. 4. REGULATIONS.

The Securities and Exchange Commission shall promulgate regulations to direct national securities exchanges and issuers, as defined in section 2(a), to comply with this Act and the amendments made by this Act.