

118TH CONGRESS
1ST SESSION

S. 1901

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

JUNE 8, 2023

Mr. KENNEDY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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.

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 “Sponsor Promote and
5 Compensation Act”.

1 **SEC. 2. ENHANCED DISCLOSURES FOR BLANK CHECK COM-**
2 **PANIES DURING IPO AND PRE-MERGER**
3 **STAGES.**

4 (a) DEFINITIONS.—In this section—

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

8 (2) the term “Commission” means the Securi-
9 ties and Exchange Commission.

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

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

17 (A) the amount of cash per share expected
18 to be held by the blank check company imme-
19 diately prior to the merger under various re-
20 demption scenarios;

21 (B) any side payments or agreements to
22 pay sponsors, blank check company investors,
23 or private investors in public equity for their
24 participation in the merger, including any
25 rights or warrants to be issued post-merger and

1 the dilutive impact of those rights or warrants;
2 and

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

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

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