

118TH CONGRESS
2D SESSION

H. R. 10336

To improve access for diverse-owned asset management firms, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 10, 2024

Mrs. BEATTY introduced the following bill; which was referred to the Committee on Oversight and Accountability, and in addition to the Committees on Education and the Workforce, Financial Services, Transportation and Infrastructure, Armed Services, and House Administration, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To improve access for diverse-owned asset management firms, 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 “Too Narrow to Succeed
5 Act”.

1 **SEC. 2. PURPOSE.**

2 The purpose of this Act is to improve access for di-
3 verse-owned, including women- and minority-owned, asset
4 management firms by—

5 (1) increasing transparency regarding the asset
6 management firm selection processes of Federal in-
7 stitutional investors;

8 (2) identifying common and potential barriers
9 that limit business opportunities for diverse-owned
10 asset management firms and developing strategies to
11 remove these barriers; and

12 (3) enabling both public and private retirement
13 funds to adopt broader and more inclusive selection
14 processes to reduce systemic risk and maximize re-
15 turns, consistent with administrators' fiduciary re-
16 sponsibilities.

17 **SEC. 3. DEFINITIONS.**

18 In this Act:

19 (1) **ASSET MANAGEMENT FIRM.**—The term
20 “asset management firm” means any investment
21 firm that—

22 (A) manages a portfolio of securities or
23 other assets for a defined benefit plan or other
24 institutional investor; or

25 (B) offers investment options, such as mu-
26 tual, private equity, real estate, or other com-

1 mingled funds, to participate in a defined con-
2 tribution or other comparable retirement plan.

3 (2) DIVERSE-OWNED.—The term “diverse-
4 owned”, when used with respect to an asset manage-
5 ment firm, means any threshold or other require-
6 ments determined appropriate by the Secretary
7 under section 4(a)(3).

8 (3) FEDERAL INSTITUTIONAL INVESTOR.—The
9 term “Federal institutional investor” means each of
10 the following:

11 (A) The Federal Retirement Thrift Invest-
12 ment Board.

13 (B) The entity that administers—

14 (i) the funds of the Pension Benefit
15 Guaranty Corporation established under
16 section 4005 of the Employee Retirement
17 Income Security Act of 1974 (29 U.S.C.
18 1305);

19 (ii) the funds of the National Railroad
20 Retirement Investment Trust established
21 under section 15(j) of the Railroad Retire-
22 ment Act of 1974 (45 U.S.C. 231n(j));

23 (iii) the funds of the Federal Reserve
24 System Retirement Plan;

1 (iv) the funds of the Federal Reserve
2 System Thrift Plan;

3 (v) the funds of the Tennessee Valley
4 Authority Retirement System;

5 (vi) the funds of the Tennessee Valley
6 Authority Retirement System Savings and
7 Deferral Retirement Plan;

8 (vii) the funds of the Army and Air
9 Force Exchange Service Retirement Sys-
10 tem;

11 (viii) the funds of the Navy Exchange
12 Service Command Retirement Plan; or

13 (ix) the endowment funds of the
14 Smithsonian Institution.

15 (C) Any other Federal entity that admin-
16 isters a fund—

17 (i) with more than \$1,000,000,000 in
18 assets invested for which the entity uses
19 the services of, or contracts with, an asset
20 management firm; and

21 (ii) that the Secretary determines is
22 similar to the Thrift Savings Fund or a
23 fund described in subparagraph (B).

24 (4) FEDERAL INVESTMENTS.—The term “Fed-
25 eral investments” means investments of sums in a

1 fund administered by a Federal institutional inves-
2 tor.

3 (5) SECRETARY.—The term “Secretary” means
4 the Secretary of Labor.

5 (6) SUBCONTRACTOR ASSET MANAGEMENT
6 FIRM.—The term “subcontractor asset management
7 firm” means an asset management firm that—

8 (A) enters into a contract (including a sub-
9 contract) with an asset management firm that
10 is the primary manager of Federal investments,
11 through the use of services or by contract, for
12 a Federal institutional investor; and

13 (B) under the terms of the contract, man-
14 ages Federal investments of the Federal institu-
15 tional investor.

16 **SEC. 4. IMPROVING ACCESS FOR DIVERSE-OWNED ASSET**
17 **MANAGEMENT FIRMS.**

18 (a) ANNUAL REPORTS BY FEDERAL INSTITUTIONAL
19 INVESTORS THAT INVEST IN EXTERNALLY MANAGED AS-
20 SETS.—

21 (1) ANNUAL REPORTS.—

22 (A) REPORTS REQUIRED.—By not later
23 than 1 year after the date of enactment of this
24 Act, and annually thereafter, each Federal in-
25 stitutional investor that uses the services of, or

1 contracts with, an asset management firm to
2 manage Federal investments shall prepare and
3 submit a report to the Secretary on the usage
4 of diverse-owned asset management firms by
5 the Federal institutional investor.

6 (B) INCLUSION OF SUBCONTRACTOR ASSET
7 MANAGEMENT FIRMS.—The report under sub-
8 paragraph (A) shall also include all subcon-
9 tractor asset management firms of the Federal
10 institutional investor.

11 (2) CONTENT OF REPORTS.—Each report de-
12 scribed in paragraph (1) shall include, with respect
13 to any fund administered by the Federal institu-
14 tional investor that uses the services of, or contracts
15 with, an asset management firm—

16 (A) the amounts of assets in such fund
17 that are managed by non-diverse-owned asset
18 management firms and by diverse-owned asset
19 management firms, as determined by the Sec-
20 retary under paragraph (3), disaggregated by
21 race, ethnicity, and gender;

22 (B) the challenges, if any, the Federal in-
23 stitutional investor faces in reporting on di-
24 verse-owned and non-diverse-owned asset man-
25 agement firms;

1 (C) the challenges the Federal institutional
2 investor faces in selecting diverse-owned asset
3 management firms (including through subcon-
4 tractor asset management firms) to manage in-
5 vestments of sums in the fund administered by
6 the Federal institutional investor;

7 (D) the actions taken during the reporting
8 period, or planned to be taken, by the Federal
9 institutional investor to alleviate barriers that
10 limit participation of diverse-owned asset man-
11 agement firms; and

12 (E) the actions taken during the reporting
13 period, or planned to be taken, by the Federal
14 institutional investor to increase opportunities
15 for diverse-owned asset management firms to
16 compete for contracts.

17 (3) DIVERSE-OWNED.—The Secretary shall
18 evaluate industry benchmarks to determine the
19 threshold or other requirements necessary for an
20 asset management firm to qualify as diverse-owned.

21 (4) PUBLIC AVAILABILITY.—The Secretary
22 shall make each report submitted under paragraph
23 (1) publicly available.

24 (b) SENSE OF CONGRESS RELATING TO DIVERSE-
25 OWNED ASSET MANAGEMENT FIRMS AND COVERED PRI-

1 VATE SECTOR PLANS.—It is the sense of Congress that
2 the Advisory Council on Employee Welfare and Pension
3 Benefit Plans (commonly known as the “ERISA Advisory
4 Council”) routinely consider barriers to the usage of di-
5 verse-owned asset management firms among covered pri-
6 vate sector plans, and methods to overcome such barriers.

7 (c) SURVEY OF FUND MANAGEMENT BEST PRAC-
8 TICES.—

9 (1) IN GENERAL.—The Secretary shall—

10 (A) conduct a survey of the best practices
11 in fund asset management with respect to in-
12 creasing the utilization and capacity of diverse-
13 owned asset management firms; and

14 (B) prepare and submit a report to Con-
15 gress not less often than every 3 years, or more
16 frequently as the Secretary considers to be ap-
17 propriate.

18 (2) REQUIREMENTS OF SURVEY.—The Sec-
19 retary shall survey a sample of public and private-
20 sector pension plans subject to the Employee Retire-
21 ment Income Security Act of 1974 (29 U.S.C. 1001
22 et seq.) and other retirement funds that are engaged
23 in (or looking to engage in) strategies to improve ac-
24 cess to, and representation by, diverse-owned asset
25 management firms.

1 (3) REPORT.—The Secretary shall make pub-
2 licly available a report to Congress on the best prac-
3 tices of pension funds and other retirement funds
4 with respect to implementing strategies to improve
5 access to diverse-owned asset management firms.
6 The report shall include—

7 (A) the challenges pension funds and other
8 retirement funds may face in adopting or exe-
9 cuting strategies to engage more with diverse-
10 owned asset management firms as the primary
11 institutional fund manager or as subcontractor
12 asset management firms, including women- and
13 minority-owned asset management firms; and

14 (B) an identification of the strategies
15 adopted to implement programs.

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