

118<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4790

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## AN ACT

To amend the Federal securities laws with respect to the materiality of disclosure requirements, to establish the Public Company Advisory Committee, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Prioritizing Economic Growth Over Woke Policies Act”.

4 (b) **TABLE OF CONTENTS.**—The table of contents for  
5 this Act is as follows:

Sec. 1. Short title; table of contents.

DIVISION A—GUARDRAIL ACT OF 2023

Sec. 1001. Short title; table of contents.

TITLE I—MANDATORY MATERIALITY REQUIREMENT

Sec. 1101. Limitation on disclosure requirements.

TITLE II—SEC JUSTIFICATION OF NON-MATERIAL DISCLOSURE  
MANDATES

Sec. 1201. SEC justification of non-material disclosure mandates.

TITLE III—PUBLIC COMPANY ADVISORY COMMITTEE

Sec. 1301. Public Company Advisory Committee.

TITLE IV—PROTECTING U.S. BUSINESS SOVEREIGNTY

Sec. 1401. Study on detrimental impact of the Directive on Corporate Sustain-  
ability Due Diligence and Corporate Sustainability Reporting  
Directive.

DIVISION B—BUSINESSES OVER ACTIVISTS ACT

Sec. 2001. Short title.

Sec. 2002. Limitation with respect to compelling the inclusion or discussion of  
shareholder proposals.

DIVISION C—PROTECTING AMERICANS’ RETIREMENT SAVINGS  
FROM POLITICS ACT

Sec. 3001. Short title; Table of contents.

TITLE I—PERFORMANCE OVER POLITICS

Sec. 3101. Exclusion of certain substantially similar shareholder proposals.

TITLE II—NO EXPENSIVE, STIFLING GOVERNANCE

Sec. 3201. Exclusion of certain shareholder proposals.

TITLE III—EXCLUSION OF CERTAIN ESG SHAREHOLDER  
PROPOSALS

Sec. 3301. Exclusion of certain ESG shareholder proposals.

TITLE IV—EXCLUSIONS AVAILABLE REGARDLESS OF  
SIGNIFICANT SOCIAL POLICY ISSUE

Sec. 3401. Exclusions available regardless of significant social policy issue.

TITLE V—CORPORATE GOVERNANCE EXAMINATION

Sec. 3501. Study of certain issues with respect to shareholder proposals, proxy advisory firms, and the proxy process.

TITLE VI—REGISTRATION OF PROXY ADVISORY FIRMS

Sec. 3601. Registration of proxy advisory firms.

TITLE VII—LIABILITY FOR CERTAIN FAILURES TO DISCLOSE MA-  
TERIAL INFORMATION OR MAKING OF MATERIAL  
MISSTATEMENTS

Sec. 3701. Liability for certain failures to disclose material information or mak-  
ing of material misstatements.

TITLE VIII—DUTIES OF INVESTMENT ADVISORS, ASSET  
MANAGERS, AND PENSION FUNDS

Sec. 3801. Duties of investment advisors, asset managers, and pension funds.

TITLE IX—PROTECTING AMERICANS' SAVINGS

Sec. 3901. Requirements related to proxy voting.

TITLE X—EMPOWERING SHAREHOLDERS

Sec. 3911. Proxy voting of passively managed funds.

TITLE XI—PROTECTING RETAIL INVESTORS' SAVINGS

Sec. 3921. Best interest based on pecuniary factors.

Sec. 3922. Study on climate change and other environmental disclosures in mu-  
nicipal bond market.

Sec. 3923. Study on solicitation of municipal securities business.

DIVISION D—AMERICAN FIRST ACT OF 2023

Sec. 4001. Short title; Table of contents.

TITLE I—STOP EXECUTIVE CAPTURE OF BANKING REGULATORS

Sec. 4101. Report on the implementation of recommendations from the FSOC  
Chairperson and Executive Orders.

TITLE II—ENSURING U.S. AUTHORITY OVER U.S. BANKING  
REGULATIONS

Sec. 4201. Requirements in connection with rulemakings implementing policies  
of non-governmental international organizations.

Sec. 4202. Report on certain climate-related interactions with covered inter-  
national organizations.

TITLE III—BANKING REGULATOR INTERNATIONAL REPORTING

Sec. 4301. Reporting on interactions with non-governmental international organizations.

TITLE IV—SUPERVISION REFORM

Sec. 4401. Removal of the Vice Chairman for Supervision designation.

DIVISION E—LIMITATION ON SEC RESERVE FUND

Sec. 5001. Limitation.

1 **DIVISION A—GUARDRAIL ACT OF**  
2 **2023**

3 **SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This division may be cited as the  
5 “Guiding Uniform and Responsible Disclosure Require-  
6 ments and Information Limits Act of 2023” or the  
7 “GUARDRAIL Act of 2023”.

8 (b) TABLE OF CONTENTS.—The table of contents for  
9 this division is as follows:

Sec. 1001. Short title; table of contents.

TITLE I—MANDATORY MATERIALITY REQUIREMENT

Sec. 1101. Limitation on disclosure requirements.

TITLE II—SEC JUSTIFICATION OF NON-MATERIAL DISCLOSURE  
MANDATES

Sec. 1201. SEC justification of non-material disclosure mandates.

TITLE III—PUBLIC COMPANY ADVISORY COMMITTEE

Sec. 1301. Public Company Advisory Committee.

TITLE IV—PROTECTING U.S. BUSINESS SOVEREIGNTY

Sec. 1401. Study on detrimental impact of the Directive on Corporate Sustainability Due Diligence and Corporate Sustainability Reporting Directive.

1                   **TITLE I—MANDATORY**  
2                   **MATERIALITY REQUIREMENT**

3 **SEC. 1101. LIMITATION ON DISCLOSURE REQUIREMENTS.**

4           (a) SECURITIES ACT OF 1933.—Section 2(b) of the  
5 Securities Act of 1933 (15 U.S.C. 77b(b)) is amended—

6                   (1) in the subsection heading, by inserting “;  
7           LIMITATION ON DISCLOSURE REQUIREMENTS” after  
8           “FORMATION”;

9                   (2) by striking “Whenever” and inserting the  
10           following:

11                   “(1) IN GENERAL.—Whenever”; and

12                   (3) by adding at the end the following:

13                   “(2) LIMITATION.—

14                           “(A) IN GENERAL.—Whenever pursuant to  
15                   this title the Commission is engaged in rule-  
16                   making regarding disclosure obligations of  
17                   issuers, the Commission shall expressly provide  
18                   that an issuer is only required to disclose infor-  
19                   mation in response to such disclosure obliga-  
20                   tions to the extent the issuer has determined  
21                   that such information is material with respect  
22                   to a voting or investment decision regarding the  
23                   securities of such issuer.

24                           “(B) APPLICABILITY.—Subparagraph (A)  
25                   shall not apply with respect to the removal of

1 any disclosure requirement with respect to an  
2 issuer.

3 “(C) RULE OF CONSTRUCTION.—For the  
4 purposes of this paragraph, information is con-  
5 sidered material with respect to a voting or in-  
6 vestment decision regarding the securities of an  
7 issuer if there is a substantial likelihood that a  
8 reasonable investor would view the failure to  
9 disclose that information as having significantly  
10 altered the total mix of information made avail-  
11 able to the investor.”.

12 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
13 3(f) of the Securities Exchange Act of 1934 (15 U.S.C.  
14 78c(f)) is amended—

15 (1) in the subsection heading, by inserting “;  
16 LIMITATION ON DISCLOSURE REQUIREMENTS” after  
17 “FORMATION”;

18 (2) by striking “Whenever” and inserting the  
19 following:

20 “(1) IN GENERAL.—Whenever”; and

21 (3) by adding at the end the following:

22 “(2) LIMITATION.—

23 “(A) IN GENERAL.—Whenever pursuant to  
24 this title the Commission is engaged in rule-  
25 making regarding disclosure obligations of

1 issuers, the Commission shall expressly provide  
2 that an issuer is only required to disclose infor-  
3 mation in response to such disclosure obliga-  
4 tions to the extent the issuer has determined  
5 that such information is material with respect  
6 to a voting or investment decision regarding the  
7 securities of such issuer.

8 “(B) APPLICABILITY.—Subparagraph (A)  
9 shall not apply with respect to the removal of  
10 any disclosure requirement with respect to an  
11 issuer.

12 “(C) RULE OF CONSTRUCTION.—For the  
13 purposes of this paragraph, information is con-  
14 sidered material with respect to a voting or in-  
15 vestment decision regarding the securities of an  
16 issuer if there is a substantial likelihood that a  
17 reasonable investor would view the failure to  
18 disclose that information as having significantly  
19 altered the total mix of information made avail-  
20 able to the investor.”.

1 **TITLE II—SEC JUSTIFICATION**  
2 **OF NON-MATERIAL DISCLO-**  
3 **SURE MANDATES**

4 **SEC. 1201. SEC JUSTIFICATION OF NON-MATERIAL DISCLO-**  
5 **SURE MANDATES.**

6 Section 23 of the Securities Exchange Act of 1934  
7 (15 U.S.C. 78w) is amended by adding at the end the fol-  
8 lowing:

9 “(e) NON-MATERIAL DISCLOSURE MANDATES.—

10 “(1) DISCLOSURE.—The Commission shall  
11 maintain a list on the website of the Commission  
12 that contains—

13 “(A) each mandate under the Federal se-  
14 curities laws and regulations that requires the  
15 disclosure of non-material information; and

16 “(B) for each such disclosure mandate, an  
17 explanation of why the mandate is required.

18 “(2) STUDY AND REPORT.—The Commission  
19 shall, every 5 years, issue a report to the Congress  
20 justifying each disclosure contained on the list re-  
21 quired under paragraph (1).

22 “(3) NO PRIVATE LIABILITY FOR FAILING TO  
23 MAKE A NON-MATERIAL DISCLOSURE.—A person  
24 who fails to disclose non-material information re-  
25 quired to be disclosed under the Federal securities



1 laws or regulations shall not be liable for such fail-  
2 ure in any private action.”.

### 3 **TITLE III—PUBLIC COMPANY** 4 **ADVISORY COMMITTEE**

#### 5 **SEC. 1301. PUBLIC COMPANY ADVISORY COMMITTEE.**

6 The Securities Exchange Act of 1934 is amended by  
7 inserting after section 40 (15 U.S.C. 78qq) the following:

#### 8 **“SEC. 40A. PUBLIC COMPANY ADVISORY COMMITTEE.**

9 “(a) ESTABLISHMENT AND PURPOSE.—

10 “(1) ESTABLISHMENT.—There is established  
11 within the Commission the Public Company Advi-  
12 sory Committee (referred to in this section as the  
13 ‘Committee’).

14 “(2) PURPOSE.—The Committee shall—

15 “(A) provide the Commission with advice  
16 on its rules, regulations, and policies with re-  
17 gard to its mission of protecting investors,  
18 maintaining fair, orderly, and efficient markets,  
19 and facilitating capital formation, as they relate  
20 to—

21 “(i) existing and emerging regulatory  
22 priorities of the Commission;

23 “(ii) issues relating to the public re-  
24 porting and corporate governance of public  
25 companies;

1           “(iii) issues relating to the proxy proc-  
2           ess for shareholder meetings held by public  
3           companies;

4           “(iv) issues relating to trading in the  
5           securities of public companies; and

6           “(v) issues relating to capital forma-  
7           tion; and

8           “(B) submit to the Commission such find-  
9           ings and recommendations as the Committee  
10          determines are appropriate, including rec-  
11          ommendations for proposed regulatory and leg-  
12          islative changes.

13         “(b) MEMBERSHIP.—

14                 “(1) IN GENERAL.—The membership of the  
15                 Committee shall be not fewer than 10, and not more  
16                 than 20, members appointed by the Commission  
17                 from among individuals who—

18                         “(A) are officers, directors, or senior offi-  
19                         cials of public companies registered with the  
20                         Commission under the Securities Act or 1933  
21                         and this Act, except for those public companies  
22                         that own asset management, fixed income, in-  
23                         vestment advisory, broker-dealer, or proxy serv-  
24                         ices businesses;

1           “(B) are executives or other individuals  
2 with senior managerial responsibility in busi-  
3 ness, professional, trade, and industry associa-  
4 tions that represent the interests of such public  
5 companies; or

6           “(C) are professional advisers and service  
7 providers to such public companies (including  
8 attorneys, accountants, investment bankers, and  
9 financial advisers).

10           “(2) QUALIFICATIONS.—At least 50 percent of  
11 the Committee membership shall be drawn from in-  
12 dividuals who would qualify for membership under  
13 paragraph (1)(A).

14           “(3) TERM.—

15           “(A) IN GENERAL.—Each member of the  
16 Committee appointed under paragraph (1) shall  
17 serve for a term of 4 years.

18           “(B) VACANCIES.—Vacancies among the  
19 members, whether caused by the resignation,  
20 death, removal, expiration of a term, or other-  
21 wise, will be filled consistent with the Commis-  
22 sion’s procedures then in effect.

23           “(C) STAGGERED TERMS.—The members  
24 of the Committee shall serve staggered terms,

1 with one-third of the initial members of the  
2 Committee each serving for 1, 2, or 3 years.

3 “(4) MEMBERS NOT ON OTHER ADVISORY COM-  
4 MITTEES.—Public companies and other organiza-  
5 tions that are currently represented on any other  
6 Commission Advisory Committee are not eligible to  
7 have representatives also serve on the Public Com-  
8 pany Advisory Committee.

9 “(5) MEMBERS NOT COMMISSION EMPLOY-  
10 EES.— Members appointed under paragraph (1)  
11 shall not be considered to be employees or agents of  
12 the Commission solely because of membership on the  
13 Committee.

14 “(c) CHAIR; VICE CHAIR; SECRETARY; ASSISTANT  
15 SECRETARY.—

16 “(1) IN GENERAL.—The members of the Com-  
17 mittee shall elect, from among the members of the  
18 Committee—

19 “(A) a Chair;

20 “(B) a Vice Chair;

21 “(C) a Secretary; and

22 “(D) an Assistant Secretary.

23 “(2) TERM.—Each member elected under para-  
24 graph (1) shall serve for a term of two years in the

1 capacity the member was elected under paragraph  
2 (1).

3 “(3) SUBCOMMITTEES.—The Chair may create  
4 subcommittees that hold public or non-public meet-  
5 ings and provide recommendations to the full Com-  
6 mittee.

7 “(d) MEETINGS.—

8 “(1) FREQUENCY OF MEETINGS.—The Com-  
9 mittee shall meet—

10 “(A) not less frequently than twice annu-  
11 ally, at the call of the Chair of the Committee;  
12 and

13 “(B) from time to time, at the call of the  
14 Commission.

15 “(2) NOTICE.—The Chair of the Committee  
16 shall give the members of the Committee written no-  
17 tice of each meeting, not later than two weeks before  
18 the date of the meeting.

19 “(e) COMPENSATION AND TRAVEL EXPENSES.—  
20 Each member of the Committee who is not a full-time em-  
21 ployee of the United States shall—

22 “(1) be entitled to receive compensation at a  
23 rate not to exceed the daily equivalent of the annual  
24 rate of basic pay in effect for a position at level V  
25 of the Executive Schedule under section 5316 of title

1 5, United States Code, for each day during which  
2 the members is engaged in the actual performance  
3 of the duties of the Committee; and

4 “(2) while away from the home or regular place  
5 of business of the member in the performance of  
6 services for the Committee, be allowed travel ex-  
7 penses, including per diem in lieu of subsistence, in  
8 the same manner as persons employed intermittently  
9 in the Government service are allowed expenses  
10 under section 5703(b) of title 5, United States Code.

11 “(f) STAFF.—The Commission shall make available  
12 to the Committee such staff as the Chair of the Committee  
13 determines are necessary to carry out this section.

14 “(g) REVIEW BY COMMISSION.—The Commission  
15 shall—

16 “(1) review the findings and recommendations  
17 of the Committee; and

18 “(2) each time the Committee submits a finding  
19 or recommendation to the Commission, promptly  
20 issue a public statement—

21 “(A) assessing the finding or recommenda-  
22 tion of the Committee; and

23 “(B) disclosing the action, if any, the Com-  
24 mission intends to take with respect to the find-  
25 ing or recommendation.

1 “(h) COMMITTEE FINDINGS.—Nothing in this section  
2 shall require the Commission to agree to or act upon any  
3 finding or recommendation of the Committee.

4 “(i) NONAPPLICABILITY OF FACCA.—Chapter 10 of  
5 part I of title 5, United States Code, shall not apply to  
6 the Committee and its activities.”.

7 **TITLE IV—PROTECTING U.S.**  
8 **BUSINESS SOVEREIGNTY**

9 **SEC. 1401. STUDY ON DETRIMENTAL IMPACT OF THE DI-**  
10 **RECTIVE ON CORPORATE SUSTAINABILITY**  
11 **DUE DILIGENCE AND CORPORATE SUSTAIN-**  
12 **ABILITY REPORTING DIRECTIVE.**

13 (a) STUDY.—The Securities and Exchange Commis-  
14 sion shall conduct a study to examine and evaluate—

15 (1) the detrimental impact and potential detri-  
16 mental impact of each of the Directives on—

17 (A) United States companies, consumers,  
18 and investors; and

19 (B) the economy of the United States;

20 (2) the extent to which each of the Directives  
21 aligns with international conventions and declara-  
22 tions on human rights and environmental obliga-  
23 tions; and

24 (3) the legal basis for the extraterritorial reach  
25 of each of the Directives.

1 (b) REPORT.—Not later than 1 year after the date  
2 of the enactment of this Act, the Securities and Exchange  
3 Commission shall submit to the Committee on Banking,  
4 Housing, and Urban Affairs of the Senate, the Committee  
5 on Financial Services of the House of Representatives, the  
6 Secretary of State, the Secretary of Commerce, and the  
7 United States Trade Representative a report that in-  
8 cludes—

9 (1) the results of the study conducted under  
10 this section; and

11 (2) recommendations for policymakers and rel-  
12 evant stakeholders on potential mitigating measures,  
13 alternative approaches, or modifications to each of  
14 the Directives that would address any concerns iden-  
15 tified in the study.

16 (c) ACCESS TO INFORMATION.—The Securities and  
17 Exchange Commission may request from private entities  
18 such relevant data and information as the Securities and  
19 Exchange Commission determines necessary to carry out  
20 the study required under this section and such private en-  
21 tities shall provide such requested data and information  
22 to the Securities and Exchange Commission.

23 (d) DIRECTIVES DEFINED.—In this section the term  
24 “Directives” means—



1 (1) the proposed directive entitled “Corporate  
2 Sustainability Due Diligence” adopted by the Euro-  
3 pean Commission on February 23, 2022; and

4 (2) the Corporate Sustainability Reporting Di-  
5 rective of the European Commission effective Janu-  
6 ary 5, 2023.

7 **DIVISION B—BUSINESSES OVER**  
8 **ACTIVISTS ACT**

9 **SEC. 2001. SHORT TITLE.**

10 This division may be cited as the “Businesses Over  
11 Activists Act”.

12 **SEC. 2002. LIMITATION WITH RESPECT TO COMPELLING**  
13 **THE INCLUSION OR DISCUSSION OF SHARE-**  
14 **HOLDER PROPOSALS.**

15 Section 14(a) of the Securities Exchange Act of 1934  
16 (15 U.S.C. 78n(a)) is amended by adding at the end the  
17 following:

18 “(3) LIMITATION WITH RESPECT TO COMPEL-  
19 LING INCLUSION OR DISCUSSION OF SHAREHOLDER  
20 PROPOSALS.—Except as provided in paragraph (2),  
21 the Commission may not compel an issuer to include  
22 in a proxy statement of the issuer—

23 “(A) any shareholder proposal; or

1           “(B) any discussion (either from the issuer  
2           or otherwise) related to a shareholder proposal  
3           contained in the proxy statement.

4           “(4) RULE OF CONSTRUCTION RELATING TO  
5           STATE AUTHORITY.—Nothing in this Act or any  
6           other securities law shall be construed to provide the  
7           Commission the authority to preempt the State reg-  
8           ulation of shareholder proposals or proxy or consent  
9           solicitation materials.”.

10 **DIVISION                   C—PROTECTING**  
11 **AMERICANS’               RETIREMENT**  
12 **SAVINGS FROM POLITICS ACT**

13 **SEC. 3001. SHORT TITLE; TABLE OF CONTENTS.**

14           (a) SHORT TITLE.—This division may be cited as the  
15 “Protecting Americans’ Retirement Savings from Politics  
16 Act”.

17           (b) TABLE OF CONTENTS.—The table of contents for  
18 this division is as follows:

Sec. 3001. Short title; Table of contents.

TITLE I—PERFORMANCE OVER POLITICS

Sec. 3101. Exclusion of certain substantially similar shareholder proposals.

TITLE II—NO EXPENSIVE, STIFLING GOVERNANCE

Sec. 3201. Exclusion of certain shareholder proposals.

TITLE III—EXCLUSION OF CERTAIN ESG SHAREHOLDER  
PROPOSALS

Sec. 3301. Exclusion of certain ESG shareholder proposals.

TITLE IV—EXCLUSIONS AVAILABLE REGARDLESS OF  
SIGNIFICANT SOCIAL POLICY ISSUE

Sec. 3401. Exclusions available regardless of significant social policy issue.

TITLE V—CORPORATE GOVERNANCE EXAMINATION

Sec. 3501. Study of certain issues with respect to shareholder proposals, proxy advisory firms, and the proxy process.

TITLE VI—REGISTRATION OF PROXY ADVISORY FIRMS

Sec. 3601. Registration of proxy advisory firms.

TITLE VII—LIABILITY FOR CERTAIN FAILURES TO DISCLOSE MATERIAL INFORMATION OR MAKING OF MATERIAL MISSTATEMENTS

Sec. 3701. Liability for certain failures to disclose material information or making of material misstatements.

TITLE VIII—DUTIES OF INVESTMENT ADVISORS, ASSET MANAGERS, AND PENSION FUNDS

Sec. 3801. Duties of investment advisors, asset managers, and pension funds.

TITLE IX—PROTECTING AMERICANS’ SAVINGS

Sec. 3901. Requirements related to proxy voting.

TITLE X—EMPOWERING SHAREHOLDERS

Sec. 3911. Proxy voting of passively managed funds.

TITLE XI—PROTECTING RETAIL INVESTORS’ SAVINGS

Sec. 3921. Best interest based on pecuniary factors.

Sec. 3922. Study on climate change and other environmental disclosures in municipal bond market.

Sec. 3923. Study on solicitation of municipal securities business.

1 **TITLE I—PERFORMANCE OVER**  
 2 **POLITICS**

3 **SEC. 3101. EXCLUSION OF CERTAIN SUBSTANTIALLY SIMI-**  
 4 **LAR SHAREHOLDER PROPOSALS.**

5 The Securities and Exchange Commission shall revise  
 6 the resubmission requirements in section 240.14a-8(i)(12)  
 7 of title 17, Code of Federal Regulations, to provide that  
 8 a shareholder proposal may be excluded by an issuer from  
 9 its proxy or consent solicitation material for a meeting of  
 10 the shareholders of such issuer if the shareholder proposal

1 addresses substantially the same subject matter as a pro-  
2 posal, or proposals, previously included in the proxy or  
3 consent solicitation material for a meeting of the share-  
4 holders of such issuer—

5 (1) for a meeting of the shareholders conducted  
6 in the preceding 5 calendar years; and

7 (2) if the most recent vote—

8 (A) occurred in the preceding 3 calendar  
9 years; and

10 (B)(i) if voted on once during such 5-year  
11 period, received less than 10 percent of the  
12 votes cast;

13 (ii) if voted on twice during such 5-year  
14 period, received less than 20 percent of the  
15 votes cast; or

16 (iii) if voted on three or more times during  
17 such 5-year period, received less than 40 per-  
18 cent of the votes cast.

## 19 **TITLE II—NO EXPENSIVE,** 20 **STIFLING GOVERNANCE**

### 21 **SEC. 3201. EXCLUSION OF CERTAIN SHAREHOLDER PRO-** 22 **POSALS.**

23 (a) EXCLUSION OF CERTAIN SHAREHOLDER PRO-  
24 POSALS.—A shareholder proposal submitted to an issuer  
25 pursuant to section 240.14a-8 of title 17, Code of Federal

1 Regulations, may be excluded by an issuer from its proxy  
2 or consent solicitation material for a meeting of the share-  
3 holders of such issuer if the shareholder proposal—

4           (1) has been substantially implemented by the  
5 issuer by implementing policies, practices, or proce-  
6 dures that compare favorably with the guidelines of  
7 the proposal and address the proposal’s underlying  
8 concerns; or

9           (2) substantially duplicates by having the same  
10 principal thrust or principal focus as another pro-  
11 posal previously submitted to the issuer by another  
12 proponent that will be included in such material.

13       (b) NULLIFICATION OF PROPOSED RULE.—The Se-  
14 curities and Exchange Commission may not finalize or  
15 apply the positions contained in the proposed rule entitled  
16 “Substantial Implementation, Duplication, and Resubmis-  
17 sion of Shareholder Proposals under Exchange Act Rule  
18 14a-8” (87 Fed. Reg. 45052), issue any substantially  
19 similar rule, or apply any substantially similar rule, in-  
20 cluding with respect to a no-action or other interpretive  
21 request.

1 **TITLE III—EXCLUSION OF CER-**  
2 **TAIN ESG SHAREHOLDER**  
3 **PROPOSALS**

4 **SEC. 3301. EXCLUSION OF CERTAIN ESG SHAREHOLDER**  
5 **PROPOSALS.**

6 A shareholder proposal submitted to an issuer pursu-  
7 ant to section 240.14a-8 of title 17, Code of Federal Regu-  
8 lations, may be excluded by an issuer from its proxy or  
9 consent solicitation material for a meeting of the share-  
10 holders of such issuer if the subject matter of the share-  
11 holder proposal is environmental, social, or political (or a  
12 similar subject matter).

13 **TITLE IV—EXCLUSIONS AVAIL-**  
14 **ABLE REGARDLESS OF SIG-**  
15 **NIFICANT SOCIAL POLICY**  
16 **ISSUE**

17 **SEC. 3401. EXCLUSIONS AVAILABLE REGARDLESS OF SIG-**  
18 **NIFICANT SOCIAL POLICY ISSUE.**

19 An issuer may exclude a shareholder proposal pursu-  
20 ant to section 240.14a-8(i) of title 17, Code of Federal  
21 Regulations, without regard to whether such shareholder  
22 proposal relates to a significant social policy issue.

1                   **TITLE V—CORPORATE**  
2                   **GOVERNANCE EXAMINATION**

3   **SEC. 3501. STUDY OF CERTAIN ISSUES WITH RESPECT TO**  
4                   **SHAREHOLDER PROPOSALS, PROXY ADVI-**  
5                   **SORY FIRMS, AND THE PROXY PROCESS.**

6           Section 4(j) of the Securities Exchange Act of 1934  
7 (15 U.S.C. 78d(j)) is amended by adding at the end the  
8 following:

9                   “(10) STUDY OF CERTAIN ISSUES WITH RE-  
10                   SPECT TO SHAREHOLDER PROPOSALS, PROXY ADVI-  
11                   SORY FIRMS, AND THE PROXY PROCESS.—

12                   “(A) IN GENERAL.—Not later than 180  
13                   days after the date of the enactment of this  
14                   paragraph, and every 5 years thereafter, the  
15                   Commission shall conduct a comprehensive  
16                   study on shareholder proposals, proxy advisory  
17                   firms, and the proxy process.

18                   “(B) SCOPE OF STUDY.—The studies re-  
19                   quired under subparagraph (A) shall cover—

20                   “(i) the previous 10 years, with re-  
21                   spect to the initial study; and

22                   “(ii) the previous 5 years, with respect  
23                   to each other study.

1           “(C) CONTENTS.—Each study required  
2           under subparagraph (A) shall address the fol-  
3           lowing issues:

4                   “(i) The financial and other incentives  
5                   and obligations of all groups involved in  
6                   the proxy process.

7                   “(ii) A consideration of whether finan-  
8                   cial and other incentives have created a  
9                   process that no longer serves the economic  
10                  interests of long-term retail investors.

11                  “(iii) An analysis of whether regula-  
12                  tions and financial incentives have created  
13                  and protected the outsized influence of  
14                  proxy advisors or a duopoly in proxy ad-  
15                  vice, and if so, what are the benefits and  
16                  costs of that outsized influence or duopoly.

17                  “(iv) The costs incurred by issuers in  
18                  responding to politically-, environmentally-  
19                  , or socially-motivated shareholder pro-  
20                  posals.

21                  “(v) An assessment, including a cost-  
22                  benefit analysis, of the adequacy of the  
23                  current submission thresholds in Rule 14a-  
24                  8 (17 CFR 240.14a-8) to ensure that  
25                  shareholder proponents have demonstrated



1 a meaningful economic stake in a com-  
2 pany, which is appropriate to effectively  
3 serve markets and shareholders at large.

4 “(vi) An examination of the extent to  
5 which the politicization of the shareholder  
6 proposal process is increasing the oper-  
7 ating costs of public companies.

8 “(vii) An analysis of the impact that  
9 shareholder proposals have on discouraging  
10 private companies from going public.

11 “(viii) An evaluation of the risk that  
12 shareholder proposals may contribute to  
13 the balkanization of the U.S. economy over  
14 time.

15 “(ix) A thorough assessment of the  
16 economic analysis, if any, conducted by  
17 proxy advisory firms and institutional  
18 shareholders when recommending or voting  
19 in favor of shareholder proposals.

20 “(x) A review of the extent to which  
21 institutional investors, who owe fiduciary  
22 duties, rely on proxy advisory firm rec-  
23 ommendations.

24 “(xi) An assessment of whether, in  
25 light of their significant influence on cor-

1           porate actions and vote outcomes, proxy  
 2           advisors are subject to sufficient and effec-  
 3           tive regulation to ensure that their policies  
 4           and recommendations are accurate, free of  
 5           conflicts, and benefit the economic best in-  
 6           terest of shareholders at large.

7           “(D) REPORT.—At the completion of each  
 8           study required under subparagraph (A) the  
 9           Commission shall issue a report to the Com-  
 10          mittee on Banking, Housing, and Urban Affairs  
 11          of the Senate and the Committee on Financial  
 12          Services of the House of Representatives that  
 13          includes the results of the study.”.

## 14           **TITLE VI—REGISTRATION OF** 15           **PROXY ADVISORY FIRMS**

### 16           **SEC. 3601. REGISTRATION OF PROXY ADVISORY FIRMS.**

17           (a) AMENDMENT.—The Securities Exchange Act of  
 18           1934 (15 U.S.C. 78a et seq.) is amended by inserting after  
 19           section 15G the following new section:

#### 20           **“SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.**

21           “(a) CONDUCT PROHIBITED.—It shall be unlawful  
 22           for a proxy advisory firm to make use of the mails or any  
 23           means or instrumentality of interstate commerce to pro-  
 24           vide proxy voting advice, research, analysis, ratings or rec-

1 ommendations to any client, unless such proxy advisory  
2 firm is registered under this section.

3 “(b) REGISTRATION PROCEDURES.—

4 “(1) APPLICATION FOR REGISTRATION.—

5 “(A) IN GENERAL.—A proxy advisory firm  
6 shall file with the Commission an application  
7 for registration, in such form as the Commis-  
8 sion shall require, by rule, and containing the  
9 information described in subparagraph (B).

10 “(B) REQUIRED INFORMATION.—An appli-  
11 cation for registration under this section shall  
12 contain—

13 “(i) a certification that the applicant  
14 is able to consistently provide proxy advice  
15 based on accurate information;

16 “(ii) with respect to clients of the ap-  
17 plicant that vote shares held on behalf of  
18 shareholders, a certification that the appli-  
19 cant—

20 “(I) will provide proxy voting ad-  
21 vice only in the best economic interest  
22 of those shareholders; and

23 “(II) has the requisite expertise  
24 to ensure that voting recommenda-

1                   tions are in the best economic interest  
2                   of those shareholders;

3                   “(iii) information on the procedures  
4                   and methodologies that the applicant uses  
5                   to ensure that proxy voting recommenda-  
6                   tions are in the best economic interest of  
7                   the ultimate shareholders;

8                   “(iv) information on the organiza-  
9                   tional structure of the applicant;

10                  “(v) an explanation of whether or not  
11                  the applicant has in effect a code of ethics,  
12                  and if not, the reasons therefor;

13                  “(vi) a description of any potential or  
14                  actual conflict of interest relating to the  
15                  provision of proxy advisory services, includ-  
16                  ing those arising out of or resulting from  
17                  the ownership structure of the applicant or  
18                  the provision of other services by the appli-  
19                  cant or any person associated with the ap-  
20                  plicant;

21                  “(vii) the policies and procedures in  
22                  place to publicly disclose and manage con-  
23                  flicts of interest under subsection (f);

24                  “(viii) information related to the pro-  
25                  fessional and academic qualifications of

1 staff tasked with providing proxy advisory  
2 services; and

3 “(ix) any other information and docu-  
4 ments concerning the applicant and any  
5 person associated with such applicant as  
6 the Commission, by rule, may prescribe as  
7 necessary or appropriate in the public in-  
8 terest or for the protection of investors.

9 “(2) REVIEW OF APPLICATION.—

10 “(A) INITIAL DETERMINATION.—Not later  
11 than 90 days after the date on which the appli-  
12 cation for registration is filed with the Commis-  
13 sion under paragraph (1) (or within such longer  
14 period as to which the applicant consents) the  
15 Commission shall—

16 “(i) by order, grant registration; or

17 “(ii) institute proceedings to deter-  
18 mine whether registration should be de-  
19 nied.

20 “(B) CONDUCT OF PROCEEDINGS.—

21 “(i) CONTENT.—Proceedings referred  
22 to in subparagraph (A)(ii) shall—

23 “(I) include notice of the grounds  
24 for denial under consideration and an  
25 opportunity for hearing; and

1                   “(II) be concluded not later than  
2                   120 days after the date on which the  
3                   application for registration is filed  
4                   with the Commission under paragraph  
5                   (1).

6                   “(ii) DETERMINATION.—At the con-  
7                   clusion of such proceedings, the Commis-  
8                   sion, by order, shall grant or deny such ap-  
9                   plication for registration.

10                   “(iii) EXTENSION AUTHORIZED.—The  
11                   Commission may extend the time for con-  
12                   clusion of such proceedings for not longer  
13                   than 90 days, if the Commission finds  
14                   good cause for such extension and pub-  
15                   lishes its reasons for so finding, or for such  
16                   longer period as to which the applicant  
17                   consents.

18                   “(C) GROUNDS FOR DECISION.—The Com-  
19                   mission shall grant registration under this sub-  
20                   section—

21                   “(i) if the Commission finds that the  
22                   requirements of this section are satisfied;  
23                   and

1 “(ii) unless the Commission finds (in  
2 which case the Commission shall deny such  
3 registration) that—

4 “(I) the applicant has failed to  
5 certify to the Commission’s satisfac-  
6 tion that it is able to consistently pro-  
7 vide proxy advice based on accurate  
8 information and to materially comply  
9 with the procedures and methodolo-  
10 gies disclosed under paragraph (1)(B)  
11 and with subsections (f) and (g); or

12 “(II) if the applicant were so reg-  
13 istered, its registration would be sub-  
14 ject to suspension or revocation under  
15 subsection (d).

16 “(3) PUBLIC AVAILABILITY OF INFORMATION.—

17 Subject to section 24, the Commission shall make  
18 the information and documents submitted to the  
19 Commission by a proxy advisory firm in its com-  
20 pleted application for registration, or in any amend-  
21 ment submitted under paragraph (1) or (2) of sub-  
22 section (e), publicly available on the Commission’s  
23 website, or through another comparable, readily ac-  
24 cessible means.

25 “(c) UPDATE OF REGISTRATION.—

1           “(1) UPDATE.—Each registered proxy advisory  
2 firm shall promptly amend and update its applica-  
3 tion for registration under this section if any infor-  
4 mation or document provided therein becomes mate-  
5 rially inaccurate, except that a registered proxy advi-  
6 sory firm is not required to amend the information  
7 required to be filed under subsection (b)(1)(B)(i) by  
8 filing information under this paragraph, but shall  
9 amend such information in the annual submission of  
10 the organization under paragraph (2) of this sub-  
11 section.

12           “(2) CERTIFICATION.—Not later than 90 cal-  
13 endar days after the end of each calendar year, each  
14 registered proxy advisory firm shall file with the  
15 Commission an amendment to its registration, in  
16 such form as the Commission, by rule, may prescribe  
17 as necessary or appropriate in the public interest or  
18 for the protection of investors—

19                   “(A) certifying that the information and  
20 documents in the application for registration of  
21 such registered proxy advisory firm continue to  
22 be accurate in all material respects; and

23                   “(B) listing any material change that oc-  
24 curred to such information or documents during  
25 the previous calendar year.



1       “(d) CENSURE, DENIAL, OR SUSPENSION OF REG-  
2       ISTRATION; NOTICE AND HEARING.—The Commission, by  
3       order, shall censure, place limitations on the activities,  
4       functions, or operations of, suspend for a period not ex-  
5       ceeding 12 months, or revoke the registration of any reg-  
6       istered proxy advisory firm if the Commission finds, on  
7       the record after notice and opportunity for hearing, that  
8       such censure, placing of limitations, suspension, or revoca-  
9       tion is necessary for the protection of investors and in the  
10      public interest and that such registered proxy advisory  
11      firm, or any person associated with such an organization,  
12      whether prior to or subsequent to becoming so associ-  
13      ated—

14               “(1) has committed or omitted any act, or is  
15      subject to an order or finding, enumerated in sub-  
16      paragraph (A), (D), (E), (H), or (G) of section  
17      15(b)(4), has been convicted of any offense specified  
18      in section 15(b)(4)(B), or is enjoined from any ac-  
19      tion, conduct, or practice specified in subparagraph  
20      (C) of section 15(b)(4), during the 10-year period  
21      preceding the date of commencement of the pro-  
22      ceedings under this subsection, or at any time there-  
23      after;

24               “(2) has been convicted during the 10-year pe-  
25      riod preceding the date on which an application for

1 registration is filed with the Commission under this  
2 section, or at any time thereafter, of—

3 “(A) any crime that is punishable by im-  
4 prisonment for 1 or more years, and that is not  
5 described in section 15(b)(4)(B); or

6 “(B) a substantially equivalent crime by a  
7 foreign court of competent jurisdiction;

8 “(3) is subject to any order of the Commission  
9 barring or suspending the right of the person to be  
10 associated with a registered proxy advisory firm;

11 “(4) fails to furnish the certifications required  
12 under subsections (b)(2)(C)(ii)(I) and (c)(2);

13 “(5) has engaged in one or more prohibited acts  
14 enumerated in paragraph (1);

15 “(6) fails to maintain adequate financial and  
16 managerial resources to consistently offer advisory  
17 services to clients that vote shares held on behalf of  
18 shareholders consistent with the best economic inter-  
19 est of those shareholders, including by failing to  
20 comply with subsections (f) or (g);

21 “(7) fails to maintain adequate expertise to en-  
22 sure that proxy advisory services for clients that vote  
23 shares held on behalf of shareholders are tied to the  
24 best economic interest of those shareholders; or

1           “(8) engages in a prohibited act enumerated in  
2 subsection (j).

3           “(e) TERMINATION OF REGISTRATION.—

4           “(1) VOLUNTARY WITHDRAWAL.—A registered  
5 proxy advisory firm may, upon such terms and con-  
6 ditions as the Commission may establish as nec-  
7 essary in the public interest or for the protection of  
8 investors, which terms and conditions shall include  
9 at a minimum that the registered proxy advisory  
10 firm will no longer conduct such activities as to  
11 bring it within the definition of proxy advisory firm  
12 in section 3(a)(82), withdraw from registration by  
13 filing a written notice of withdrawal to the Commis-  
14 sion.

15           “(2) COMMISSION AUTHORITY.—In addition to  
16 any other authority of the Commission under this  
17 title, if the Commission finds that a registered proxy  
18 advisory firm is no longer in existence or has ceased  
19 to do business as a proxy advisory firm, the Com-  
20 mission, by order, shall cancel the registration under  
21 this section of such registered proxy advisory firm.

22           “(f) MANAGEMENT OF CONFLICTS OF INTEREST.—

23           “(1) ORGANIZATION POLICIES AND PROCE-  
24 DURES.—Each registered proxy advisory firm shall  
25 establish, maintain, and enforce written policies and

1 procedures reasonably designed, taking into consid-  
2 eration the nature of the business of such registered  
3 proxy advisory firm and associated persons, to pub-  
4 licly disclose and manage any conflicts of interest  
5 that arise or would reasonably be expected to arise  
6 from such business.

7 “(2) COMMISSION AUTHORITY.—The Commis-  
8 sion shall, within one year of the date of enactment  
9 of this section, issue final rules to prohibit, or re-  
10 quire the management and public disclosure of, any  
11 conflicts of interest relating to the offering of proxy  
12 advisory services by a registered proxy advisory firm,  
13 including, without limitation, conflicts of interest re-  
14 lating to—

15 “(A) the manner in which a registered  
16 proxy advisory firm is compensated by the cli-  
17 ent, any affiliate of the client, or any other per-  
18 son for providing proxy advisory services;

19 “(B) business relationships, ownership in-  
20 terests, or any other financial or personal inter-  
21 ests between a registered proxy advisory firm,  
22 or any person associated with such registered  
23 proxy advisory firm, and any client, or any af-  
24 filiate of such client;

1           “(C) the formulation of proxy voting poli-  
2           cies;

3           “(D) the execution, or assistance with the  
4           execution, of proxy votes if such votes are based  
5           upon recommendations made by the proxy advi-  
6           sory firm in which a person other than the  
7           issuer is a proponent; and

8           “(E) any other potential conflict of inter-  
9           est, as the Commission deems necessary or ap-  
10          propriate in the public interest or for the pro-  
11          tection of investors.

12          “(3) DISCLOSURE ON FACTORS INFLUENCING  
13          RECOMMENDATIONS.—Each registered proxy advi-  
14          sory firm shall annually disclose to the Commission  
15          and make publicly available the economic and other  
16          factors that a reasonable investor would expect to in-  
17          fluence the recommendations of such proxy advisory  
18          firm, including the ownership composition of such  
19          proxy advisory firm and any meetings with, or feed-  
20          back received from, outside entities.

21          “(g) RELIABILITY OF PROXY ADVISORY FIRM SERV-  
22          ICES.—

23          “(1) IN GENERAL.—Each registered proxy advi-  
24          sory firm shall—

1           “(A) have staff and other resources suffi-  
2           cient to produce proxy voting recommendations  
3           that are based on accurate and current infor-  
4           mation and designed for clients that vote shares  
5           held on behalf of shareholders to advance the  
6           best economic interest of those shareholders;

7           “(B) implement procedures that permit  
8           issuers that are the subject of proxy voting rec-  
9           ommendations—

10                   “(i) access in a reasonable time to  
11                   data and information used to make rec-  
12                   ommendations; and

13                   “(ii) a reasonable opportunity to pro-  
14                   vide meaningful comment and corrections  
15                   to such data and information, including  
16                   the opportunity to present (in person or  
17                   telephonically) details to the person re-  
18                   sponsible for developing such data and in-  
19                   formation prior to the publication of proxy  
20                   voting recommendations to clients;

21           “(C) employ an ombudsman to receive  
22           complaints about the accuracy of information  
23           used in making recommendations from the com-  
24           panies that are the subject of the proxy advi-  
25           sory firm’s voting recommendations and seek to

1 resolve those complaints in a timely fashion and  
2 prior to the publication of proxy voting rec-  
3 ommendations to clients; and

4 “(D) if the ombudsman is unable to re-  
5 solve a complaint to a company’s satisfaction  
6 prior to the publication of proxy voting rec-  
7 ommendations to clients, include in the final re-  
8 port of the firm to clients—

9 “(i) a statement detailing the com-  
10 pany’s complaints, if requested in writing  
11 by the company; and

12 “(ii) a statement explaining why the  
13 proxy voting recommendation is in the best  
14 economic interest of shareholders.

15 “(2) DEFINITIONS.—In this subsection:

16 “(A) DATA AND INFORMATION USED TO  
17 MAKE RECOMMENDATIONS.—The term ‘data  
18 and information used to make voting rec-  
19 ommendations’—

20 “(i) means the financial, operational,  
21 or descriptive data and information on an  
22 issuer used by proxy advisory firms and  
23 any contextual or substantive analysis im-  
24 pacting the recommendation; and

1                   “(ii) does not include the entirety of  
2                   the proxy advisory firm’s final report to its  
3                   clients.

4                   “(B) REASONABLE TIME.—The term ‘rea-  
5                   sonable time’—

6                   “(i) means not less than 1 week be-  
7                   fore the publication of proxy voting rec-  
8                   ommendations for clients; and

9                   “(ii) shall not otherwise interfere with  
10                  a proxy advisory firm’s ability to provide  
11                  its clients with timely access to accurate  
12                  proxy voting research, analysis, or rec-  
13                  ommendations.

14               “(h) PRIVATE RIGHT OF ACTION WITH RESPECT TO  
15               ILLEGAL RECOMMENDATIONS.—Any proxy advisory firm  
16               that endorses a proposal that is not supported by the  
17               issuer but is approved and subsequently found by a court  
18               of competent jurisdiction to violate State or Federal law  
19               shall be liable to the applicable issuer for the costs associ-  
20               ated with the approval of such proposal, including imple-  
21               mentation costs and any penalties incurred by the issuer.

22               “(i) DESIGNATION OF COMPLIANCE OFFICER.—Each  
23               registered proxy advisory firm shall designate an indi-  
24               vidual who reports directly to senior management as re-  
25               sponsible for administering the policies and procedures



1 that are required to be established pursuant to subsections  
2 (f) and (g), and for ensuring compliance with the securi-  
3 ties laws and the rules and regulations thereunder, includ-  
4 ing those promulgated by the Commission pursuant to this  
5 section.

6 “(j) PROHIBITED CONDUCT.—

7 “(1) PROHIBITED ACTS AND PRACTICES.—Not  
8 later than one year after the date of enactment of  
9 this section, the Commission shall issue final rules  
10 to prohibit any act or practice relating to the offer-  
11 ing of proxy advisory services by a registered proxy  
12 advisory firm that the Commission determines to be  
13 unfair, coercive, or abusive, including any act or  
14 practice relating to—

15 “(A) advisory or consulting services (of-  
16 fered directly or indirectly, including through  
17 an affiliate) related to corporate governance  
18 issues; or

19 “(B) modifying a voting recommendation  
20 or otherwise departing from its adopted system-  
21 atic procedures and methodologies in the provi-  
22 sion of proxy advisory services, based on wheth-  
23 er an issuer, or affiliate thereof, subscribes or  
24 will subscribe to other services or product of the

1 registered proxy advisory firm or any person as-  
2 sociated with such organization.

3 “(2) RULE OF CONSTRUCTION.—Nothing in  
4 paragraph (1), or in any rules or regulations adopt-  
5 ed thereunder, may be construed to modify, impair,  
6 or supersede the operation of any of the antitrust  
7 laws (as defined in the first section of the Clayton  
8 Act, except that such term includes section 5 of the  
9 Federal Trade Commission Act, to the extent that  
10 such section 5 applies to unfair methods of competi-  
11 tion).

12 “(k) STATEMENTS OF FINANCIAL CONDITION.—  
13 Each registered proxy advisory firm shall, on a confiden-  
14 tial basis, file with the Commission, at intervals deter-  
15 mined by the Commission, such financial statements, cer-  
16 tified (if required by the rules or regulations of the Com-  
17 mission) by an independent public auditor, and informa-  
18 tion concerning its financial condition, as the Commission,  
19 by rule, may prescribe as necessary or appropriate in the  
20 public interest or for the protection of investors.

21 “(l) ANNUAL REPORT.—

22 “(1) IN GENERAL.—Each registered proxy advi-  
23 sory firm shall, not later than 90 calendar days after  
24 the end of each fiscal year, file with the Commission  
25 and make publicly available an annual report in such

1 form as the Commission, by rule, may prescribe as  
2 necessary or appropriate in the public interest or for  
3 the protection of investors.

4 “(2) CONTENTS.—Each annual report required  
5 under paragraph (1) shall include, at a minimum,  
6 disclosure by the registered proxy advisory firm of  
7 the following:

8 “(A) A list of shareholder proposals the  
9 staff of the registered proxy advisory firm re-  
10 viewed in the prior fiscal year.

11 “(B) A list of the recommendations made  
12 in the prior fiscal year.

13 “(C) The economic analysis conducted to  
14 determine that final recommendations provided  
15 in the prior fiscal year (other than rec-  
16 ommendations relating to an issuer-sponsored  
17 proposal or recommendations consistent with  
18 that of a board of directors composed of a ma-  
19 jority of independent directors) delivered to cli-  
20 ents that vote shares held on behalf of share-  
21 holders were in the best economic interest of  
22 those shareholders.

23 “(D) The staff who reviewed and made  
24 recommendations on such proposals in the prior  
25 fiscal year.

1           “(E) The qualifications of such staff to en-  
2           sure that each of the recommendations for cli-  
3           ents that vote shares held on behalf of share-  
4           holders were tied to the best economic interest  
5           of those shareholders.

6           “(F) The recommendations made in the  
7           prior fiscal year where the proponent of such  
8           recommendation was a client of or received  
9           services from the proxy advisory firm.

10           “(G) A certification by the chief executive  
11           officer, chief financial officer, and the primary  
12           executive responsible for overseeing the compila-  
13           tion and dissemination of proxy voting advice  
14           that the final recommendations (other than rec-  
15           ommendations relating to an issuer-sponsored  
16           proposal or recommendations consistent with  
17           that of a board of directors composed of a ma-  
18           jority of independent directors) delivered to cli-  
19           ents that vote shares held on behalf of share-  
20           holders in the last fiscal year—

21                   “(i) were based on internal controls  
22                   and procedures that are designed to ensure  
23                   accurate information and that such inter-  
24                   nal controls and procedures are effective;

1                   “(ii) do not violate applicable State or  
2                   Federal law; and

3                   “(iii) were based on the best economic  
4                   interest of those shareholders.

5                   “(H) The economic and other factors that  
6                   a reasonable investor would expect to influence  
7                   the recommendations of such proxy advisory  
8                   firm, including the ownership composition of  
9                   such proxy advisory firm.

10                  “(m) TRANSPARENT POLICIES.—Each registered  
11 proxy advisory firm shall file with the Commission and  
12 make publicly available its methodology for the formula-  
13 tion of proxy voting policies and voting recommendations  
14 to clients that vote shares held on behalf of shareholders  
15 and how that methodology ensures that the firm’s voting  
16 recommendations are in the best economic interest of  
17 those shareholders.

18                  “(n) RULES OF CONSTRUCTION.—Registration under  
19 and compliance with this section does not constitute a  
20 waiver of, or otherwise diminish, any right, privilege, or  
21 defense that a registered proxy advisory firm may other-  
22 wise have under any provision of State or Federal law,  
23 including any rule, regulation, or order thereunder.

24                  “(o) REGULATIONS.—

1           “(1) NEW PROVISIONS.—Such rules and regula-  
2           tions as are required by this section or are otherwise  
3           necessary to carry out this section, including the ap-  
4           plication form required under subsection (a)—

5                   “(A) shall be issued by the Commission,  
6                   not later than 180 days after the date of enact-  
7                   ment of this section; and

8                   “(B) shall become effective not later than  
9                   1 year after the date of enactment of this sec-  
10                  tion.

11           “(2) REVIEW OF EXISTING REGULATIONS.—Not  
12           later than 270 days after the date of enactment of  
13           this section, the Commission shall—

14                   “(A) review its existing rules and regula-  
15                   tions which affect the operations of proxy advi-  
16                   sory firms; and

17                   “(B) amend or revise such rules and regu-  
18                   lations in accordance with the purposes of this  
19                   section, and issue such guidance as the Com-  
20                   mission may prescribe as necessary or appro-  
21                   priate in the public interest or for the protec-  
22                   tion of investors.

23           “(p) APPLICABILITY.—This section, other than sub-  
24           section (n), which shall apply on the date of enactment  
25           of this section, shall apply on the earlier of—

1           “(1) the date on which regulations are issued in  
2           final form under subsection (o)(1); or

3           “(2) 270 days after the date of enactment of  
4           this section.

5           “(q) BEST ECONOMIC INTEREST DEFINED.—In this  
6           section, the term ‘best economic interest’ means decisions  
7           that seek to maximize investment returns over a time hori-  
8           zon consistent with the investment objectives and risk  
9           management profile of the fund in which the shareholders  
10          are invested.”.

11          (b) CONFORMING AMENDMENT.—Section 17(a)(1) of  
12          the Securities Exchange Act of 1934 (15 U.S.C.  
13          78q(a)(1)) is amended by inserting “proxy advisory firm,”  
14          after “nationally recognized statistical rating organiza-  
15          tion,”.

16          (c) PROXY ADVISORY FIRM DEFINITIONS.—Section  
17          3(a) of the Securities Exchange Act of 1934 (15 U.S.C.  
18          78c(a)) is amended—

19                 (1) by redesignating the second paragraph (80)  
20                 (relating to funding portal) as paragraph (81); and

21                 (2) by adding at the end the following:

22                 “(82) PROXY ADVISORY FIRM.—The term  
23                 ‘proxy advisory firm’—

24                         “(A) means any person who is primarily  
25                         engaged in the business of providing proxy vot-

1 ing advice, research, analysis, ratings, or rec-  
2 ommendations to clients, which conduct con-  
3 stitutes a solicitation within the meaning of sec-  
4 tion 14; and

5 “(B) does not include any person that is  
6 exempt under law or regulation from the re-  
7 quirements otherwise applicable to persons en-  
8 gaged in such a solicitation.

9 “(83) PERSON ASSOCIATED WITH A PROXY AD-  
10 VISORY FIRM.—With respect to a proxy advisory  
11 firm—

12 “(A) a person is ‘associated’ with the  
13 proxy advisory firm if the person is—

14 “(i) a partner, officer, or director of  
15 the proxy advisory firm (or any person oc-  
16 cupying a similar status or performing  
17 similar functions);

18 “(ii) a person directly or indirectly  
19 controlling, controlled by, or under com-  
20 mon control with the proxy advisory firm;

21 “(iii) an employee of the proxy advi-  
22 sory firm; or

23 “(iv) a person the Commission deter-  
24 mines by rule is controlled by the proxy  
25 advisory firm; and



1           “(B) a person is not ‘associated’ with the  
2           proxy advisory firm if the person only performs  
3           clerical or ministerial functions with respect to  
4           a proxy advisory firm.”.

5 **TITLE VII—LIABILITY FOR CER-**  
6 **TAIN FAILURES TO DISCLOSE**  
7 **MATERIAL INFORMATION OR**  
8 **MAKING OF MATERIAL**  
9 **MISSTATEMENTS**

10 **SEC. 3701. LIABILITY FOR CERTAIN FAILURES TO DISCLOSE**  
11 **MATERIAL INFORMATION OR MAKING OF MA-**  
12 **TERIAL MISSTATEMENTS.**

13           Section 14 of the Securities Exchange Act of 1934  
14 (15 U.S.C. 78n) is amended by adding at the end the fol-  
15 lowing:

16           “(1) FALSE OR MISLEADING STATEMENTS.—For  
17 purposes of section 18, the failure to disclose material in-  
18 formation (such as a proxy voting advice business’s meth-  
19 odology, sources of information, or conflicts of interest)  
20 or the making of a material misstatement regarding proxy  
21 voting advice that makes a recommendation to a security  
22 holder as to the security holder’s vote, consent, or author-  
23 ization on a specific matter for which security holder ap-  
24 proval is solicited, and that is furnished by a person that  
25 markets the person’s expertise as a provider of such proxy

1 voting advice separately from other forms of investment  
2 advice, and sells such proxy voting advice for a fee, shall  
3 be considered to be false or misleading with respect to a  
4 material fact.”.

5 **TITLE VIII—DUTIES OF INVEST-**  
6 **MENT ADVISORS, ASSET MAN-**  
7 **AGERS, AND PENSION FUNDS**

8 **SEC. 3801. DUTIES OF INVESTMENT ADVISORS, ASSET MAN-**  
9 **AGERS, AND PENSION FUNDS.**

10 Section 13(f) of the Securities Exchange Act of 1934  
11 (15 U.S.C. 78m(f)) is amended by adding at the end the  
12 following:

13 “(7) DISCLOSURES BY INSTITUTIONAL INVEST-  
14 MENT MANAGERS IN CONNECTION WITH PROXY AD-  
15 VISORY FIRMS.—

16 “(A) IN GENERAL.—Every institutional in-  
17 vestment manager which uses the mails, or any  
18 means or instrumentality of interstate com-  
19 merce in the course of its business as an insti-  
20 tutional investment manager, which engages a  
21 proxy advisory firm, and which exercises voting  
22 power with respect to accounts holding equity  
23 securities of a class described in subsection  
24 (d)(1) or otherwise becomes or is deemed to be-  
25 come a beneficial owner of any security of a

1 class described in subsection (d)(1) upon the  
2 purchase or sale of a security-based swap that  
3 the Commission may define by rule, shall file an  
4 annual report with the Commission con-  
5 taining—

6 “(i) an explanation of how the institu-  
7 tional investment manager voted with re-  
8 spect to each shareholder proposal;

9 “(ii) the percentage of votes cast on  
10 shareholder proposals that were consistent  
11 with proxy advisory firm recommendations,  
12 for each proxy advisory firm retained by  
13 the institutional investment manager;

14 “(iii) an explanation of—

15 “(I) how the institutional invest-  
16 ment manager took into consideration  
17 proxy advisory firm recommendations  
18 in making voting decisions, including  
19 the degree to which the institutional  
20 investment manager used those rec-  
21 ommendations in making voting deci-  
22 sions;

23 “(II) how often the institutional  
24 investment manager voted consistent  
25 with a recommendation made by a

1 proxy advisory firm, expressed as a  
2 percentage;

3 “(III) how such votes are rec-  
4 onced with the fiduciary duty of the  
5 institutional investment manager to  
6 vote in the best economic interests of  
7 shareholders;

8 “(IV) how frequently votes were  
9 changed when an error occurred or  
10 due to new information from issuers;  
11 and

12 “(V) the degree to which invest-  
13 ment professionals of the institutional  
14 investment manager were involved in  
15 proxy voting decisions; and

16 “(iv) a certification that the voting de-  
17 cisions of the institutional investment man-  
18 ager were based solely on the best eco-  
19 nomic interest of the shareholders on be-  
20 half of whom the institutional investment  
21 manager holds shares.

22 “(B) REQUIREMENTS FOR LARGER INSTI-  
23 TUTIONAL INVESTMENT MANAGERS.—Every in-  
24 stitutional investment manager described in  
25 subparagraph (A) that has assets under man-

1           agement with an aggregate fair market value on  
2           the last trading day in any of the preceding  
3           twelve months of at least \$100,000,000,000  
4           shall—

5                   “(i) in any materials provided to cus-  
6                   tomers and related to customers voting  
7                   their shares, clarify that shareholders are  
8                   not required to vote on every proposal;

9                   “(ii) with respect to each shareholder  
10                  proposal for which the institutional invest-  
11                  ment manager votes (other than votes con-  
12                  sistent with the recommendation of a  
13                  board of directors composed of a majority  
14                  of independent directors) perform an eco-  
15                  nomic analysis before making such vote, to  
16                  determine that the vote is in the best eco-  
17                  nomic interest of the shareholders on be-  
18                  half of whom the institutional investment  
19                  manager holds shares; and

20                  “(iii) include each economic analysis  
21                  required under clause (ii) in the annual re-  
22                  port required under subparagraph (A).

23                  “(C) BEST ECONOMIC INTEREST DE-  
24                  FINED.—In this paragraph, the term ‘best eco-  
25                  nomic interest’ means decisions that seek to

1 maximize investment returns over a time hori-  
2 zon consistent with the investment objectives  
3 and risk management profile of the fund in  
4 which shareholders are invested.”.

5 **TITLE IX—PROTECTING**  
6 **AMERICANS’ SAVINGS**

7 **SEC. 3901. REQUIREMENTS RELATED TO PROXY VOTING.**

8 Section 14 of the Securities Exchange Act of 1934  
9 (15 U.S.C. 78n), as amended by section 3701, is further  
10 amended by adding at the end the following:

11 “(m) PROHIBITION ON ROBOVOTING.—

12 “(1) IN GENERAL.—The Commission shall issue  
13 final rules prohibiting the use of robovoting with re-  
14 spect to votes related to proxy or consent solicitation  
15 materials.

16 “(2) ROBOVOTING DEFINED.—In this sub-  
17 section, the term ‘robovoting’ means the practice of  
18 automatically voting in a manner consistent with the  
19 recommendations of a proxy advisory firm or pre-  
20 populating votes on a proxy advisory firm’s elec-  
21 tronic voting platform with the proxy advisory firm’s  
22 recommendations, in either case, without inde-  
23 pendent review and analysis.

24 “(n) PROHIBITION ON OUTSOURCING VOTING DECI-  
25 SIONS BY INSTITUTIONAL INVESTORS.—With respect to

1 votes related to proxy or consent solicitation materials, an  
 2 institutional investor may not outsource voting decisions  
 3 to any person other than an investment adviser or a  
 4 broker or dealer that is registered with the Commission  
 5 and has a fiduciary or best interest duty to the institu-  
 6 tional investor.

7 “(o) NO REQUIREMENT TO VOTE.—No person may  
 8 be required to cast votes related to proxy or consent solici-  
 9 tation materials.

10 “(p) PROXY ADVISORY FIRM CALCULATION OF  
 11 VOTES.—With respect to votes related to proxy or consent  
 12 solicitation materials with respect to an issuer, a proxy  
 13 advisor firm shall calculate the vote result consistent with  
 14 the law of the State in which the issuer is incorporated.”.

## 15 **TITLE X—EMPOWERING** 16 **SHAREHOLDERS**

17 **SEC. 3911. PROXY VOTING OF PASSIVELY MANAGED FUNDS.**

18 (a) IN GENERAL.—The Investment Advisers Act of  
 19 1940 (15 U.S.C. 80b–1 et seq.) is amended by inserting  
 20 after section 208 (15 U.S.C. 80b–8) the following:

21 **“SEC. 208A. PROXY VOTING OF PASSIVELY MANAGED**  
 22 **FUNDS.**

23 “(a) INVESTMENT ADVISER PROXY VOTING.—

24 “(1) IN GENERAL.—An investment adviser that  
 25 holds authority to vote a proxy solicited by an issuer

1       pursuant to section 14 of the Securities Exchange  
2       Act of 1934 (15 U.S.C. 78n) in connection with any  
3       vote of covered securities held by a passively man-  
4       aged fund shall—

5               “(A) vote in accordance with the instruc-  
6               tions of the beneficial owner of a voting security  
7               of the passively managed fund;

8               “(B) vote in accordance with the voting  
9               recommendations of such issuer; or

10              “(C) abstain from voting but make reason-  
11              able efforts to be considered present for pur-  
12              poses of establishing a quorum.

13              “(2) EXCEPTION.—Paragraph (1) shall not  
14              apply with respect to a vote on a routine matter.

15              “(b) SAFE HARBOR.—With respect to a matter that  
16              is not a routine matter, in the case of a vote described  
17              in subsection (a)(1), an investment adviser shall not be  
18              liable to any person under any law or regulation of the  
19              United States, any constitution, law, or regulation of any  
20              State or political subdivision thereof, or under any con-  
21              tract or other legally enforceable agreement (including any  
22              arbitration agreement), for any of the following:

23                      “(1) Voting in accordance with the instructions  
24                      of the beneficial owner of a voting security of the  
25                      passively managed fund.



1           “(2) Not soliciting voting instructing from any  
2           person under subsection (a)(1) with respect to such  
3           vote.

4           “(3) Voting in accordance with the voting rec-  
5           ommendations of an issuer pursuant to subpara-  
6           graph (B) of such subsection.

7           “(4) Abstaining from voting in accordance with  
8           subparagraph (C) of such subsection.

9           “(c) FOREIGN PRIVATE ISSUERS EXEMPTION.—Sub-  
10          section (a) shall not apply with respect to a foreign private  
11          issuer if the voting policy of the investment advisor with  
12          respect to such foreign private issuers is fully and fairly  
13          disclosed to beneficial owners, including the extent to  
14          which such policy differs from the voting policy for non-  
15          exempt issuers.

16          “(d) DEFINITIONS.—In this section:

17                 “(1) COVERED SECURITY.—The term ‘covered  
18                 security’—

19                         “(A) means a voting security, as that term  
20                         is defined in section 2(a) of the Investment  
21                         Company Act of 1940 (15 U.S.C. 80a–2(a)), in  
22                         which a qualified fund is invested; and

23                         “(B) does not include any voting security  
24                         (as defined in subparagraph (A)) of an issuer  
25                         registered with the Commission as an invest-

1           ment company under section 8 of the Invest-  
2           ment Company Act of 1940 (15 U.S.C. 80a-8).

3           “(2) PASSIVELY MANAGED FUND.—The term  
4           ‘passively managed fund’ means a qualified fund  
5           that—

6                   “(A) is designed to track, or is derived  
7                   from, an index of securities or a portion of such  
8                   an index;

9                   “(B) discloses that the qualified fund is a  
10                  passive index fund; or

11                  “(C) allocates not less than 60 percent of  
12                  the total assets of the qualified fund to an in-  
13                  vestment strategy that is designed to track, or  
14                  is derived from, an index of securities or a por-  
15                  tion of such an index fund.

16           “(3) QUALIFIED FUND.—The term ‘qualified  
17           fund’ means—

18                   “(A) an investment company, as that term  
19                   is defined in section 3 of the Investment Com-  
20                   pany Act of 1940 (15 U.S.C. 80a-3);

21                   “(B) a private fund;

22                   “(C) an eligible deferred compensation  
23                   plan, as that term is defined in section 457(b)  
24                   of the Internal Revenue Code of 1986;

1           “(D) a trust, plan, account, or other entity  
2 described in section 3(c)(11) of the Investment  
3 Company Act of 1940 (15 U.S.C. 80a–  
4 3(c)(11));

5           “(E) a plan maintained by an employer de-  
6 scribed in clause (i), (ii), or (iii) of section  
7 403(b)(1)(A) of the Internal Revenue Code of  
8 1986 to provide annuity contracts described in  
9 section 403(b) of such Code;

10           “(F) a common trust fund, or similar  
11 fund, maintained by a bank;

12           “(G) any fund established under section  
13 8438(b)(1) of title 5, United States Code; or

14           “(H) any separate managed account of a  
15 client of an investment adviser.

16           “(4) REGISTRANT.—The term ‘registrant’  
17 means an issuer of covered securities.

18           “(5) ROUTINE MATTER.—The term ‘routine  
19 matter’—

20           “(A) includes a proposal that relates to—

21                   “(i) an election with respect to the  
22 board of directors of the registrant;

23                   “(ii) the compensation of management  
24 or the board of directors of the registrant;

25                   “(iii) the selection of auditors;

1           “(iv) a matter where there is a mate-  
2           rial conflict of interest between or among  
3           the issuer, members of management, mem-  
4           bers of the board of directors, or an affil-  
5           iate of the issuer;

6           “(v) declassification; or

7           “(vi) transactions that would trans-  
8           form the structure of the registrant, in-  
9           cluding—

10                   “(I) a merger or consolidation;

11                   and

12                   “(II) the sale, lease, or exchange  
13                   of all, or substantially all, of the prop-  
14                   erty and assets of a registrant; and

15           “(B) does not include—

16                   “(i) a proposal that is not submitted  
17                   to a holder of covered securities by means  
18                   of a proxy statement comparable to that  
19                   described in section 240.14a-101 of title  
20                   17, Code of Federal Regulations, or any  
21                   successor regulation; or

22                   “(ii) a proposal that is—

23                           “(I) the subject of a counter-so-  
24                           licitation; or

1                   “(II) part of a proposal made by  
2                   a person other than the applicable  
3                   registrant.”.

4           (b) EFFECTIVE DATE.—The amendment made by  
5 this section shall take effect on the first August 1 that  
6 occurs after the date that is 2 years after the date of en-  
7 actment of this Act.

8           **TITLE XI—PROTECTING RETAIL**  
9                   **INVESTORS’ SAVINGS**

10       **SEC. 3921. BEST INTEREST BASED ON PECUNIARY FAC-**  
11                   **TORS.**

12           (a) IN GENERAL.—Section 211(g) of the Investment  
13 Advisers Act of 1940 (15 U.S.C. 80b–11(g)) is amended  
14 by adding at the end the following:

15                   “(3) BEST INTEREST BASED ON PECUNIARY  
16       FACTORS.—

17                   “(A) IN GENERAL.—For purposes of para-  
18       graph (1), the best interest of a customer shall  
19       be determined using pecuniary factors, which  
20       may not be subordinated to or limited by non-  
21       pecuniary factors, unless the customer provides  
22       informed consent, in writing, that such non-pe-  
23       cuniary factors be considered.

24                   “(B) DISCLOSURE OF PECUNIARY FAC-  
25       TORS.—If a customer provides a broker, dealer,

1 or investment adviser with the informed consent  
2 to consider non-pecuniary factors described  
3 under subparagraph (A), the broker, dealer, or  
4 investment adviser shall—

5 “(i) disclose the expected pecuniary  
6 effects to the customer over a time period  
7 selected by the customer and not to exceed  
8 three years; and

9 “(ii) at the end of the time period de-  
10 scribed in clause (i), disclose, by compari-  
11 son to a reasonably comparable index or  
12 basket of securities selected by the cus-  
13 tomer, the actual pecuniary effects of that  
14 time period, including all fees, costs, and  
15 other expenses incurred to consider non-pe-  
16 cuniary factors.

17 “(C) PECUNIARY FACTOR DEFINED.—In  
18 this paragraph, the term ‘pecuniary factor’  
19 means a factor that a fiduciary prudently deter-  
20 mines is expected to have a material effect on  
21 the risk or return of an investment based on  
22 appropriate investment horizons.”.

23 (b) RULEMAKING.—Not later than the end of the 12-  
24 month period beginning on the date of enactment of this  
25 Act, the Securities and Exchange Commission shall revise

1 or issue such rules as may be necessary to implement the  
2 amendment made by subsection (a).

3 (c) APPLICABILITY.—The amendment made by sub-  
4 section (a) shall apply to actions taken by a broker, dealer,  
5 or investment adviser beginning on the date that is 12  
6 months after the date of enactment of this Act.

7 **SEC. 3922. STUDY ON CLIMATE CHANGE AND OTHER ENVI-**  
8 **RONMENTAL DISCLOSURES IN MUNICIPAL**  
9 **BOND MARKET.**

10 (a) IN GENERAL.—The Securities and Exchange  
11 Commission shall—

12 (1) conduct a study to determine the extent to  
13 which issuers of municipal securities (as such term  
14 is defined in section 3(a)(29) of the Securities Ex-  
15 change Act of 1934 (15 U.S.C. 78c(a)(29)) make  
16 disclosures to investors regarding climate change  
17 and other environmental matters; and

18 (2) solicit public comment with respect to such  
19 study.

20 (b) CONTENTS.—The study required under sub-  
21 section (a) shall consider and analyze—

22 (1) the frequency with which disclosures de-  
23 scribed in subsection (a)(1) are made;

24 (2) whether such disclosures made by issuers of  
25 municipal securities in connection with offerings of

1 securities align with such disclosures made by  
2 issuers of municipal securities in other contexts or to  
3 audiences other than investors;

4 (3) any voluntary or mandatory disclosure  
5 standards observed by issuers of municipal securities  
6 in the course of making such disclosures;

7 (4) the degree to which investors consider such  
8 disclosures in connection with making an investment  
9 decision; and

10 (5) such other information as the Securities  
11 and Exchange Commission determines appropriate.

12 (c) REPORT.—Not later than 1 year after the date  
13 of the enactment of this Act, the Securities and Exchange  
14 Commission shall submit to the Committee on Banking,  
15 Housing, and Urban Affairs of the Senate and the Com-  
16 mittee on Financial Services of the House of Representa-  
17 tives a report that includes—

18 (1) the results of the study required under this  
19 section;

20 (2) a detailed discussion of the financial risks  
21 to investors from investments in municipal securi-  
22 ties;

23 (3) whether such risks are adequately disclosed  
24 to investors; and



1 (4) recommended regulatory or legislative steps  
2 to address any concerns identified in the study.

3 **SEC. 3923. STUDY ON SOLICITATION OF MUNICIPAL SECURITIES BUSINESS.**  
4

5 (a) IN GENERAL.—The Securities and Exchange  
6 Commission shall—

7 (1) conduct a study on the effectiveness of each  
8 covered rule in preventing the payment of funds to  
9 elected officials or candidates for elected office in ex-  
10 change for the receipt of government business in  
11 connection with the offer or sale of municipal securi-  
12 ties; and

13 (2) solicit public comment with respect to such  
14 study.

15 (b) CONTENTS.—The study required under sub-  
16 section (a) shall consider and analyze—

17 (1) the effectiveness of each covered rule, in-  
18 cluding whether each covered rule accomplishes the  
19 intended effect of such covered rule and has any un-  
20 intended adverse effects;

21 (2) the frequency and scope of enforcement ac-  
22 tions undertaken pursuant to each covered rule;

23 (3) the degree to which—

24 (A) persons subject to each covered rule—

1 (i) have in effect policies and proce-  
2 dures intended to ensure compliance with  
3 each such covered rule; and

4 (ii) are disadvantaged from partici-  
5 pating in the political process generally  
6 and in relation to persons who solicit or re-  
7 ceive government business or government  
8 licenses, permits, and approvals other than  
9 in connection with the offer or sale of mu-  
10 nicipal securities; and

11 (B) other State and Federal laws and reg-  
12 ulations impact the solicitation of municipal se-  
13 curities business; and

14 (4) such other information as the Securities  
15 and Exchange Commission determines appropriate.

16 (c) REPORT.—Not later than 1 year after the date  
17 of the enactment of this Act, the Securities and Exchange  
18 Commission shall submit to the Committee on Banking,  
19 Housing, and Urban Affairs of the Senate and the Com-  
20 mittee on Financial Services of the House of Representa-  
21 tives a report that includes—

22 (1) the results of the study required under this  
23 section;

24 (2) an analysis of the extent to which persons  
25 affiliated with small businesses, as well as persons

1 affiliated with minority and women opened busi-  
 2 nesses, have been affected by the covered rules; and

3 (3) recommended regulatory or legislative steps  
 4 to address any concerns identified in the study.

5 (d) DEFINITIONS.—In this section:

6 (1) COVERED RULE.—The term “covered rule”  
 7 means—

8 (A) Rule G–38 of the Municipal Securities  
 9 Rulemaking Board; and

10 (B) Rule 206(4)–5 (17 CFR 275.206(4)–  
 11 5).

12 (2) MUNICIPAL SECURITIES.—The term “mu-  
 13 nicipal securities” has the meaning given the term in  
 14 section 3(a)(29) of the Securities Exchange Act of  
 15 1934 (15 U.S.C. 78c(a)(29)).

16 **DIVISION D—AMERICAN FIRST**  
 17 **ACT OF 2023**

18 **SEC. 4001. SHORT TITLE; TABLE OF CONTENTS.**

19 (a) SHORT TITLE.—This division may be cited as the  
 20 “American Financial Institution Regulatory Sovereignty  
 21 and Transparency Act of 2023” or the “American FIRST  
 22 Act of 2023”.

23 (b) TABLE OF CONTENTS.—The table of contents for  
 24 this division is as follows:

Sec. 4001. Short title; Table of contents.

TITLE I—STOP EXECUTIVE CAPTURE OF BANKING REGULATORS

Sec. 4101. Report on the implementation of recommendations from the FSOC Chairperson and Executive Orders.

TITLE II—ENSURING U.S. AUTHORITY OVER U.S. BANKING REGULATIONS

Sec. 4201. Requirements in connection with rulemakings implementing policies of non-governmental international organizations.

Sec. 4202. Report on certain climate-related interactions with covered international organizations.

TITLE III—BANKING REGULATOR INTERNATIONAL REPORTING

Sec. 4301. Reporting on interactions with non-governmental international organizations.

TITLE IV—SUPERVISION REFORM

Sec. 4401. Removal of the Vice Chairman for Supervision designation.

1 **TITLE I—STOP EXECUTIVE CAP-**  
 2 **TURE OF BANKING REGU-**  
 3 **LATORS**

4 **SEC. 4101. REPORT ON THE IMPLEMENTATION OF REC-**  
 5 **COMMENDATIONS FROM THE FSOC CHAIR-**  
 6 **PERSON AND EXECUTIVE ORDERS.**

7 (a) BOARD OF GOVERNORS OF THE FEDERAL RE-  
 8 SERVE SYSTEM.—Section 10 of the Federal Reserve Act  
 9 (12 U.S.C. 247b), as amended by section 4401(b), is fur-  
 10 ther amended by adding at the end the following:

11 “(11) REPORT ON THE IMPLEMENTATION OF  
 12 RECOMMENDATIONS FROM THE FSOC CHAIRPERSON  
 13 AND EXECUTIVE ORDERS.—The Board of Governors  
 14 of the Federal Reserve System may not implement  
 15 a non-binding recommendation made by the Chair-  
 16 person of the Financial Stability Oversight Council  
 17 or contained in an Executive Order unless the Board

1 of Governors first provides the Committee on Finan-  
2 cial Services of the House of Representatives and  
3 the Committee on Banking, Housing, and Urban Af-  
4 fairs of the Senate with—

5 “(A) notice that the Board of Governors  
6 intends to implement such recommendation;

7 “(B) a report containing the proposed im-  
8 plementation by the Board of Governors and a  
9 justification for such implementation; and

10 “(C) upon request, not later than the end  
11 of the 120-day period beginning on the date of  
12 the notice under subparagraph (A), testimony  
13 on such proposed implementation.”.

14 (b) OFFICE OF THE COMPTROLLER OF THE CUR-  
15 RENCY.—Section 324 of the Revised Statutes of the  
16 United States (12 U.S.C. 1) is amended by adding at the  
17 end the following:

18 “(c) REPORT ON THE IMPLEMENTATION OF REC-  
19 OMMENDATIONS FROM THE FSOC CHAIRPERSON AND  
20 EXECUTIVE ORDERS.—The Comptroller of the Currency  
21 may not implement a non-binding recommendation made  
22 by the Chairperson of the Financial Stability Oversight  
23 Council or contained in an Executive Order unless the  
24 Comptroller of the Currency first provides the Committee  
25 on Financial Services of the House of Representatives and

1 the Committee on Banking, Housing, and Urban Affairs  
2 of the Senate with—

3 “(1) notice that the Comptroller of the Cur-  
4 rency intends to implement such recommendation;

5 “(2) a report containing the proposed imple-  
6 mentation by the Comptroller of the Currency and  
7 a justification for such implementation; and

8 “(3) upon request, not later than the end of the  
9 120-day period beginning on the date of the notice  
10 under paragraph (1), testimony on such proposed  
11 implementation.”.

12 (c) FEDERAL DEPOSIT INSURANCE CORPORATION.—  
13 Section 2 of the Federal Deposit Insurance Act (12 U.S.C.  
14 1812) is amended by inserting after subsection (f) the fol-  
15 lowing:

16 “(g) REPORT ON THE IMPLEMENTATION OF REC-  
17 OMMENDATIONS FROM THE FSOC CHAIRPERSON AND  
18 EXECUTIVE ORDERS.—The Board of Directors of the  
19 Corporation may not implement a non-binding rec-  
20 ommendation made by the Chairperson of the Financial  
21 Stability Oversight Council or contained in an Executive  
22 Order unless the Board of Directors first provides the  
23 Committee on Financial Services of the House of Rep-  
24 resentatives and the Committee on Banking, Housing, and  
25 Urban Affairs of the Senate with—

1           “(1) notice that the Board of Directors intends  
2           to implement such recommendation;

3           “(2) a report containing the proposed imple-  
4           mentation by the Board of Directors and a justifica-  
5           tion for such implementation; and

6           “(3) upon request, not later than the end of the  
7           120-day period beginning on the date of the notice  
8           under paragraph (1), testimony on such proposed  
9           implementation.”.

10          (d) NATIONAL CREDIT UNION ADMINISTRATION.—

11          Section 102 of the Federal Credit Union Act (12 U.S.C.  
12          1752a) is amended by adding at the end the following:

13           “(g) REPORT ON THE IMPLEMENTATION OF REC-  
14          COMMENDATIONS FROM THE FSOC CHAIRPERSON AND  
15          EXECUTIVE ORDERS.—The Board may not implement a  
16          non-binding recommendation made by the Chairperson of  
17          the Financial Stability Oversight Council or contained in  
18          an Executive Order unless the Board first provides the  
19          Committee on Financial Services of the House of Rep-  
20          resentatives and the Committee on Banking, Housing, and  
21          Urban Affairs of the Senate with—

22           “(1) notice that the Board intends to imple-  
23          ment such recommendation;

1           “(2) a report containing the proposed imple-  
2           mentation by the Board and a justification for such  
3           implementation; and

4           “(3) upon request, not later than the end of the  
5           120-day period beginning on the date of the notice  
6           under paragraph (1), testimony on such proposed  
7           implementation.”.

8           (e) FEDERAL HOUSING FINANCE AGENCY.—Section  
9           1311 of the Housing and Community Development Act  
10          of 1992 (12 U.S.C. 4511) is amended by adding at the  
11          end the following:

12          “(d) REPORT ON THE IMPLEMENTATION OF REC-  
13          COMMENDATIONS FROM THE FSOC CHAIRPERSON AND  
14          EXECUTIVE ORDERS.—The Director may not implement  
15          a non-binding recommendation made by the Chairperson  
16          of the Financial Stability Oversight Council or contained  
17          in an Executive Order unless the Director first provides  
18          the Committee on Financial Services of the House of Rep-  
19          resentatives and the Committee on Banking, Housing, and  
20          Urban Affairs of the Senate with—

21                 “(1) notice that the Director intends to imple-  
22                 ment such recommendation;

23                 “(2) a report containing the proposed imple-  
24                 mentation by the Director and a justification for  
25                 such implementation; and



1           “(3) upon request, not later than the end of the  
2           120-day period beginning on the date of the notice  
3           under paragraph (1), testimony on such proposed  
4           implementation.”.

5 **TITLE II—ENSURING U.S. AU-**  
6 **THORITY OVER U.S. BANKING**  
7 **REGULATIONS**

8 **SEC. 4201. REQUIREMENTS IN CONNECTION WITH**  
9 **RULEMAKINGS IMPLEMENTING POLICIES OF**  
10 **NON-GOVERNMENTAL INTERNATIONAL OR-**  
11 **GANIZATIONS.**

12           (a) BOARD OF GOVERNORS OF THE FEDERAL RE-  
13 SERVE SYSTEM.—Section 10 of the Federal Reserve Act  
14 (12 U.S.C. 247b), as amended by section 4101(a), is fur-  
15 ther amended by inserting after paragraph (11) the fol-  
16 lowing:

17           “(12) REQUIREMENTS IN CONNECTION WITH  
18           RULEMAKINGS IMPLEMENTING POLICIES OF NON-  
19           GOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—

20           “(A) IN GENERAL.—The Board of Gov-  
21           ernors of the Federal Reserve System may not  
22           propose or finalize a major covered rule unless,  
23           not later than 120 days before issuing such a  
24           proposed or final rule, the Board of Governors  
25           provides the Committee on Financial Services

1 of the House of Representatives and the Com-  
2 mittee on Banking, Housing, and Urban Affairs  
3 of the Senate with notice, testimony, and a de-  
4 tailed economic analysis with respect to the pro-  
5 posed or final rule, including projections of eco-  
6 nomic costs, sectoral effects, and effects on the  
7 availability of credit, the gross domestic prod-  
8 uct, and employment.

9 “(B) MAJOR COVERED RULE DEFINED.—

10 In this paragraph, the term ‘major covered rule’  
11 means a rule—

12 “(i) that the Board of Governors de-  
13 termines would have an effect, in the ag-  
14 gregate, on the economy of the United  
15 States of \$10,000,000,000 or more during  
16 the 10-year period beginning on the date  
17 the rule takes effect; and

18 “(ii) that is intended to align or con-  
19 form with a recommendation from a non-  
20 governmental international organization  
21 (including the Financial Stability Board,  
22 the Bank for International Settlements,  
23 the Network of Central Banks and Super-  
24 visors for Greening the Financial System,

1                   and the Basel Committee on Banking Su-  
2                   pervision).”.

3           (b) OFFICE OF THE COMPTROLLER OF THE CUR-  
4 RENCY.—Section 324 of the Revised Statutes of the  
5 United States (12 U.S.C. 1), as amended by section  
6 4101(b), is further amended by adding at the end the fol-  
7 lowing:

8           “(d) REQUIREMENTS IN CONNECTION WITH  
9 RULEMAKINGS IMPLEMENTING POLICIES OF NON-GOV-  
10 ERNMENTAL INTERNATIONAL ORGANIZATIONS.—

11           “(1) IN GENERAL.—The Comptroller of the  
12 Currency may not propose or finalize a major cov-  
13 ered rule unless, not later than 120 days before  
14 issuing such a proposed or final rule, the Comp-  
15 troller of the Currency provides the Committee on  
16 Financial Services of the House of Representatives  
17 and the Committee on Banking, Housing, and  
18 Urban Affairs of the Senate with notice, testimony,  
19 and a detailed economic analysis with respect to the  
20 proposed or final rule, including projections of eco-  
21 nomic costs, sectoral effects, and effects on the  
22 availability of credit, the gross domestic product,  
23 and employment.

1           “(2) MAJOR COVERED RULE DEFINED.—In this  
2 subsection, the term ‘major covered rule’ means a  
3 rule—

4           “(A) that the Comptroller of the Currency  
5 determines would have an effect, in the aggre-  
6 gate, on the economy of the United States of  
7 \$10,000,000,000 or more during the 10-year  
8 period beginning on the date the rule takes ef-  
9 fect; and

10           “(B) that is intended to align or conform  
11 with a recommendation from a non-govern-  
12 mental international organization (including the  
13 Financial Stability Board, the Bank for Inter-  
14 national Settlements, the Network of Central  
15 Banks and Supervisors for Greening the Finan-  
16 cial System, and the Basel Committee on Bank-  
17 ing Supervision).”.

18           (c) FEDERAL DEPOSIT INSURANCE CORPORATION.—  
19 Section 2 of the Federal Deposit Insurance Act (12 U.S.C.  
20 1812), as amended by section 4101(c), is further amended  
21 by inserting after subsection (g) the following:

22           “(h) REQUIREMENTS IN CONNECTION WITH  
23 RULEMAKINGS IMPLEMENTING POLICIES OF NON-GOV-  
24 ERNMENTAL INTERNATIONAL ORGANIZATIONS.—

1           “(1) IN GENERAL.—The Board of Directors of  
2           the Corporation may not propose or finalize a major  
3           covered rule unless, not later than 120 days before  
4           issuing such a proposed or final rule, the Board of  
5           Directors provides the Committee on Financial Serv-  
6           ices of the House of Representatives and the Com-  
7           mittee on Banking, Housing, and Urban Affairs of  
8           the Senate with notice, testimony, and a detailed  
9           economic analysis with respect to the proposed or  
10          final rule, including projections of economic costs,  
11          sectoral effects, and effects on the availability of  
12          credit, the gross domestic product, and employment.

13           “(2) MAJOR COVERED RULE DEFINED.—In this  
14          subsection, the term ‘major covered rule’ means a  
15          rule—

16                   “(A) that the Board of Directors deter-  
17                   mines would have an effect, in the aggregate,  
18                   on the economy of the United States of  
19                   \$10,000,000,000 or more during the 10-year  
20                   period beginning on the date the rule takes ef-  
21                   fect; and

22                   “(B) that is intended to align or conform  
23                   with a recommendation from a non-govern-  
24                   mental international organization (including the  
25                   Financial Stability Board, the Bank for Inter-

1 national Settlements, the Network of Central  
2 Banks and Supervisors for Greening the Finan-  
3 cial System, and the Basel Committee on Bank-  
4 ing Supervision).”.

5 (d) NATIONAL CREDIT UNION ADMINISTRATION.—  
6 Section 102 of the Federal Credit Union Act (12 U.S.C.  
7 1752a), as amended by section 4101(d), is further amend-  
8 ed by adding at the end the following:

9 “(h) REQUIREMENTS IN CONNECTION WITH  
10 RULEMAKINGS IMPLEMENTING POLICIES OF NON-GOV-  
11 ERNMENTAL INTERNATIONAL ORGANIZATIONS.—

12 “(1) IN GENERAL.—The Board may not pro-  
13 pose or finalize a major covered rule unless, not  
14 later than 120 days before issuing such a proposed  
15 or final rule, the Board provides the Committee on  
16 Financial Services of the House of Representatives  
17 and the Committee on Banking, Housing, and  
18 Urban Affairs of the Senate with notice, testimony,  
19 and a detailed economic analysis with respect to the  
20 proposed or final rule, including projections of eco-  
21 nomic costs, sectoral effects, and effects on the  
22 availability of credit, the gross domestic product,  
23 and employment.

1           “(2) MAJOR COVERED RULE DEFINED.—In this  
2 subsection, the term ‘major covered rule’ means a  
3 rule—

4           “(A) that the Board determines would  
5 have an effect, in the aggregate, on the econ-  
6 omy of the United States of \$10,000,000,000  
7 or more during the 10-year period beginning on  
8 the date the rule takes effect; and

9           “(B) that is intended to align or conform  
10 with a recommendation from a non-govern-  
11 mental international organization (including the  
12 Financial Stability Board, the Bank for Inter-  
13 national Settlements, the Network of Central  
14 Banks and Supervisors for Greening the Finan-  
15 cial System, and the Basel Committee on Bank-  
16 ing Supervision).”.

17       (e) FEDERAL HOUSING FINANCE AGENCY.—Section  
18 1311 of the Housing and Community Development Act  
19 of 1992 (12 U.S.C. 4511), as amended by section 4101(e),  
20 is further amended by adding at the end the following:

21       “(e) REQUIREMENTS IN CONNECTION WITH  
22 RULEMAKINGS IMPLEMENTING POLICIES OF NON-GOV-  
23 ERNMENTAL INTERNATIONAL ORGANIZATIONS.—

24       “(1) IN GENERAL.—The Director may not pro-  
25 pose or finalize a major covered rule unless, not

1 later than 120 days before issuing such a proposed  
2 or final rule, the Director provides the Committee on  
3 Financial Services of the House of Representatives  
4 and the Committee on Banking, Housing, and  
5 Urban Affairs of the Senate with notice, testimony,  
6 and a detailed economic analysis with respect to the  
7 proposed or final rule, including projections of eco-  
8 nomic costs, sectoral effects, and effects on the  
9 availability of credit, the gross domestic product,  
10 and employment.

11 “(2) MAJOR COVERED RULE DEFINED.—In this  
12 subsection, the term ‘major covered rule’ means a  
13 rule—

14 “(A) that the Director determines would  
15 have an effect, in the aggregate, on the econ-  
16 omy of the United States of \$10,000,000,000  
17 or more during the 10-year period beginning on  
18 the date the rule takes effect; and

19 “(B) that is intended to align or conform  
20 with a recommendation from a non-govern-  
21 mental international organization (including the  
22 Financial Stability Board, the Bank for Inter-  
23 national Settlements, the Network of Central  
24 Banks and Supervisors for Greening the Finan-



1           cial System, and the Basel Committee on Bank-  
2           ing Supervision).”.

3 **SEC. 4202. REPORT ON CERTAIN CLIMATE-RELATED INTER-**  
4                   **ACTIONS WITH COVERED INTERNATIONAL**  
5                   **ORGANIZATIONS.**

6           (a) IN GENERAL.—A Federal banking regulator may  
7 not meet with or otherwise engage with a covered inter-  
8 national organization on the topic of climate-related finan-  
9 cial risk during a calendar year unless the Federal bank-  
10 ing regulator has issued a report to the Committee on Fi-  
11 nancial Services of the House of Representatives and the  
12 Committee on Banking, Housing, and Urban Affairs of  
13 the Senate containing, for the previous calendar year—

14                   (1) a complete description of the activities of  
15                   the covered international organization in which the  
16                   Federal banking regulator participates (including  
17                   any task force, committee, or other organizational  
18                   unit thereof); and

19                   (2) a detailed accounting of the governmental  
20                   and non-governmental funding sources of the cov-  
21                   ered international organization (including any task  
22                   force, committee, or other organizational unit there-  
23                   of).

24           (b) DEFINITIONS.—In this section:

1           (1) COVERED INTERNATIONAL ORGANIZA-  
2           TION.—The term “covered international organiza-  
3           tion” means the Financial Stability Board, the Bank  
4           for International Settlements, the Network of Cen-  
5           tral Banks and Supervisors for Greening the Finan-  
6           cial System, and the Basel Committee on Banking  
7           Supervision.

8           (2) FEDERAL BANKING REGULATOR.—The  
9           term “Federal banking regulator” means the Board  
10          of Governors of the Federal Reserve System, the  
11          Federal Deposit Insurance Corporation, the Federal  
12          Housing Finance Agency, the National Credit Union  
13          Administration, and the Office of the Comptroller of  
14          the Currency.

15 **TITLE III—BANKING REGU-**  
16 **LATOR INTERNATIONAL RE-**  
17 **PORTING**

18 **SEC. 4301. REPORTING ON INTERACTIONS WITH NON-GOV-**  
19 **ERNMENTAL INTERNATIONAL ORGANIZA-**  
20 **TIONS.**

21          (a) BOARD OF GOVERNORS OF THE FEDERAL RE-  
22          SERVE SYSTEM.—Section 10 of the Federal Reserve Act  
23          (12 U.S.C. 247b), as amended by section 4201(a), is fur-  
24          ther amended by inserting after paragraph (12) the fol-  
25          lowing:

1           “(13) REPORTING ON INTERACTIONS WITH  
2           NON-GOVERNMENTAL INTERNATIONAL ORGANIZA-  
3           TIONS.—With respect to interactions between the  
4           Board of Governors of the Federal Reserve System  
5           and a non-governmental international organization  
6           (including the Financial Stability Board, the Bank  
7           for International Settlements, the Network of Cen-  
8           tral Banks and Supervisors for Greening the Finan-  
9           cial System, and the Basel Committee on Banking  
10          Supervision), the Board of Governors shall—

11                   “(A) keep a complete record of all such  
12                   interactions, including minutes of all meetings  
13                   and any recommendations made during such  
14                   interaction for international standardization  
15                   with respect to open-market policies and oper-  
16                   ations, discount lending and operations (includ-  
17                   ing collateral policies), or supervisory policies  
18                   and operations; and

19                   “(B) issue an annual report to the Com-  
20                   mittee on Financial Services of the House of  
21                   Representatives and the Committee on Bank-  
22                   ing, Housing, and Urban Affairs of the Senate  
23                   containing—

1           “(i) all of the information recorded  
2           pursuant to subparagraph (A) with respect  
3           to the previous year; and

4           “(ii) with respect to each non-govern-  
5           mental international organization with  
6           which the Board of Governors had an  
7           interaction in the previous year, a descrip-  
8           tion of the funding sources of the non-gov-  
9           ernmental international organization.”.

10       (b) OFFICE OF THE COMPTROLLER OF THE CUR-  
11 RENCY.—Section 324 of the Revised Statutes of the  
12 United States (12 U.S.C. 1), as amended by section  
13 4201(b), is further amended by adding at the end the fol-  
14 lowing:

15       “(e) REPORTING ON INTERACTIONS WITH NON-GOV-  
16 ERNMENTAL INTERNATIONAL ORGANIZATIONS.—With re-  
17 spect to interactions between the Office of the Comptroller  
18 of the Currency and a non-governmental international or-  
19 ganization (including the Financial Stability Board, the  
20 Bank for International Settlements, the Network of Cen-  
21 tral Banks and Supervisors for Greening the Financial  
22 System, and the Basel Committee on Banking Super-  
23 vision), the Comptroller of the Currency shall—

24           “(1) keep a complete record of all such inter-  
25           actions, including minutes of all meetings and any

1 recommendations made during such interaction for  
2 international standardization with respect to dis-  
3 count lending and operations (including collateral  
4 policies) or supervisory policies and operations; and

5 “(2) issue an annual report to the Committee  
6 on Financial Services of the House of Representa-  
7 tives and the Committee on Banking, Housing, and  
8 Urban Affairs of the Senate containing—

9 “(A) all of the information recorded pursu-  
10 ant to paragraph (1) with respect to the pre-  
11 vious year; and

12 “(B) with respect to each non-govern-  
13 mental international organization with which  
14 the Office of the Comptroller of the Currency  
15 had an interaction in the previous year, a de-  
16 scription of the funding sources of the non-gov-  
17 ernmental international organization.”.

18 (c) FEDERAL DEPOSIT INSURANCE CORPORATION.—  
19 Section 2 of the Federal Deposit Insurance Act (12 U.S.C.  
20 1812), as amended by section 4201(c), is further amended  
21 is amended by inserting after subsection (h) the following:

22 “(i) REPORTING ON INTERACTIONS WITH NON-GOV-  
23 ERNMENTAL INTERNATIONAL ORGANIZATIONS.—With re-  
24 spect to interactions between the Federal Deposit Insur-  
25 ance Corporation and a non-governmental international

1 organization (including the Financial Stability Board, the  
2 Bank for International Settlements, the Network of Cen-  
3 tral Banks and Supervisors for Greening the Financial  
4 System, and the Basel Committee on Banking Super-  
5 vision), the Board of Directors of the Corporation shall—

6           “(1) keep a complete record of all such inter-  
7 actions, including minutes of all meetings and any  
8 recommendations made during such interaction for  
9 international standardization with respect to dis-  
10 count lending and operations (including collateral  
11 policies) or supervisory policies and operations; and

12           “(2) issue an annual report to the Committee  
13 on Financial Services of the House of Representa-  
14 tives and the Committee on Banking, Housing, and  
15 Urban Affairs of the Senate containing—

16                   “(A) all of the information recorded pursu-  
17 ant to paragraph (1) with respect to the pre-  
18 vious year; and

19                   “(B) with respect to each non-govern-  
20 mental international organization with which  
21 the Corporation had an interaction in the pre-  
22 vious year, a description of the funding sources  
23 of the non-governmental international organiza-  
24 tion.”.

1 (d) NATIONAL CREDIT UNION ADMINISTRATION.—  
2 Section 102 of the Federal Credit Union Act (12 U.S.C.  
3 1752a), as amended by section 4201(d), is further amend-  
4 ed by adding at the end the following:

5 “(i) REPORTING ON INTERACTIONS WITH NON-GOV-  
6 ERNMENTAL INTERNATIONAL ORGANIZATIONS.—With re-  
7 spect to interactions between the Administration and a  
8 non-governmental international organization (including  
9 the Financial Stability Board, the Bank for International  
10 Settlements, the Network of Central Banks and Super-  
11 visors for Greening the Financial System, and the Basel  
12 Committee on Banking Supervision), the Board shall—

13 “(1) keep a complete record of all such inter-  
14 actions, including minutes of all meetings and any  
15 recommendations made during such interaction for  
16 international standardization with respect to dis-  
17 count lending and operations (including collateral  
18 policies) or supervisory policies and operations; and

19 “(2) issue an annual report to the Committee  
20 on Financial Services of the House of Representa-  
21 tives and the Committee on Banking, Housing, and  
22 Urban Affairs of the Senate containing—

23 “(A) all of the information recorded pursu-  
24 ant to paragraph (1) with respect to the pre-  
25 vious year; and

1           “(B) with respect to each non-govern-  
2           mental international organization with which  
3           the Administration had an interaction in the  
4           previous year, a description of the funding  
5           sources of the non-governmental international  
6           organization.”.

7           (e) FEDERAL HOUSING FINANCE AGENCY.—Section  
8           1311 of the Housing and Community Development Act  
9           of 1992 (12 U.S.C. 4511), as amended by section 4201(e),  
10          is further amended by adding at the end the following:

11          “(f) REPORTING ON INTERACTIONS WITH NON-GOV-  
12          ERNMENTAL INTERNATIONAL ORGANIZATIONS.—With re-  
13          spect to interactions between the Federal Housing Fi-  
14          nance Agency and a non-governmental international orga-  
15          nization (including the Financial Stability Board, the  
16          Bank for International Settlements, the Network of Cen-  
17          tral Banks and Supervisors for Greening the Financial  
18          System, and the Basel Committee on Banking Super-  
19          vision), the Director shall—

20                 “(1) keep a complete record of all such inter-  
21                 actions, including minutes of all meetings and any  
22                 recommendations made during such interaction for  
23                 international standardization with respect to dis-  
24                 count lending and operations (including collateral  
25                 policies) or supervisory policies and operations; and



1           “(2) issue an annual report to the Committee  
2           on Financial Services of the House of Representa-  
3           tives and the Committee on Banking, Housing, and  
4           Urban Affairs of the Senate containing—

5                   “(A) all of the information recorded pursu-  
6                   ant to paragraph (1) with respect to the pre-  
7                   vious year; and

8                   “(B) with respect to each non-govern-  
9                   mental international organization with which  
10                  the Federal Housing Finance Agency had an  
11                  interaction in the previous year, a description of  
12                  the funding sources of the non-governmental  
13                  international organization.”.

## 14                   **TITLE IV—SUPERVISION** 15                   **REFORM**

### 16           **SEC. 4401. REMOVAL OF THE VICE CHAIRMAN FOR SUPER-** 17                   **VISION DESIGNATION.**

18           (a) IN GENERAL.—The second undesignated para-  
19           graph of section 10 of the Federal Reserve Act (12 U.S.C.  
20           242) (relating to the Chairman and Vice Chairman of the  
21           Board) is amended by striking “and 2 shall be designated  
22           by the President, by and with the advice and consent of  
23           the Senate, to serve as Vice Chairmen of the Board, each  
24           for a term of 4 years, 1 of whom shall serve in the absence  
25           of the Chairman, as provided in the fourth undesignated

1 paragraph of this section, and 1 of whom shall be des-  
2 ignated Vice Chairman for Supervision. The Vice Chair-  
3 man for Supervision shall develop policy recommendations  
4 for the Board regarding supervision and regulation of de-  
5 pository institution holding companies and other financial  
6 firms supervised by the Board, and shall oversee the su-  
7 pervision and regulation of such firms.” and inserting  
8 “and 1 shall be designated by the President, by and with  
9 the consent of the Senate, to serve as Vice Chairman of  
10 the Board for a term of 4 years.”.

11 (b) CONFORMING AMENDMENT.—Section 10 of the  
12 Federal Reserve Act (12 U.S.C. 241 et seq.) is amended  
13 by striking paragraph (12).

14 **DIVISION E—LIMITATION ON**  
15 **SEC RESERVE FUND**

16 **SEC. 5001. LIMITATION.**

17 During fiscal years 2026 and 2027, registration fees  
18 collected by the Securities and Exchange Commission shall  
19 not be deposited in the Securities and Exchange Commis-  
20 sion Reserve Fund.

Passed the House of Representatives September 19,  
2024.

Attest:

*Clerk.*



118<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

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# H. R. 4790

## AN ACT

To amend the Federal securities laws with respect to the materiality of disclosure requirements, to establish the Public Company Advisory Committee, and for other purposes.