

114TH CONGRESS  
1ST SESSION

# S. 2410

To promote transparency in the oversight of cybersecurity risks at publicly traded companies.

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IN THE SENATE OF THE UNITED STATES

DECEMBER 17, 2015

Mr. REED (for himself and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To promote transparency in the oversight of cybersecurity risks at publicly traded companies.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Cybersecurity Dislo-  
5 sure Act of 2015”.

6 **SEC. 2. CYBERSECURITY TRANSPARENCY.**

7 (a) DEFINITIONS.—In this section—

8 (1) the term “Commission” means the Securi-  
9 ties and Exchange Commission;

10 (2) the term “cybersecurity threat”—

1 (A) means an action, not protected by the  
2 First Amendment to the Constitution of the  
3 United States, on or through an information  
4 system that may result in an unauthorized ef-  
5 fort to adversely impact the security, avail-  
6 ability, confidentiality, or integrity of an infor-  
7 mation system or information that is stored on,  
8 processed by, or transiting an information sys-  
9 tem; and

10 (B) does not include any action that solely  
11 involves a violation of a consumer term of serv-  
12 ice or a consumer licensing agreement;

13 (3) the term “information system”—

14 (A) has the meaning given the term in sec-  
15 tion 3502 of title 44, United States Code; and

16 (B) includes industrial control systems,  
17 such as supervisory control and data acquisition  
18 systems, distributed control systems, and pro-  
19 grammable logic controllers;

20 (4) the term “issuer” has the meaning given  
21 the term in section 3 of the Securities Exchange Act  
22 of 1934 (15 U.S.C. 78c); and

23 (5) the term “reporting company” means any  
24 company that is an issuer—

1 (A) the securities of which are registered  
2 under section 12 of the Securities Exchange  
3 Act of 1934 (15 U.S.C. 78l); or

4 (B) that is required to file reports under  
5 section 15(d) of such Act (15 U.S.C. 78o(d)).

6 (b) REQUIREMENT TO ISSUE RULES.—Not later  
7 than 360 days after the date of enactment of this Act,  
8 the Commission shall issue final rules to require each re-  
9 porting company, in the annual report submitted under  
10 section 13 or section 15(d) of the Securities Exchange Act  
11 of 1934 (15 U.S.C. 78m and 78o(d)) or the annual proxy  
12 statement submitted under section 14(a) of such Act (15  
13 U.S.C. 78n(a))—

14 (1) to disclose whether any member of the gov-  
15 erning body, such as the board of directors or gen-  
16 eral partner, of the reporting company has expertise  
17 or experience in cybersecurity and in such detail as  
18 necessary to fully describe the nature of the exper-  
19 tise or experience; and

20 (2) if no member of the governing body of the  
21 reporting company has expertise or experience in cy-  
22 bersecurity, to describe what other cybersecurity  
23 steps taken by the reporting company were taken  
24 into account by such persons responsible for identi-  
25 fying and evaluating nominees for any member of

1 the governing body, such as a nominating com-  
2 mittee.

3 (c) CYBERSECURITY EXPERTISE OR EXPERIENCE.—

4 For purposes of subsection (b), the Commission, in coordi-  
5 nation with the National Institute of Standards and Tech-  
6 nology, shall define what constitutes expertise or experi-  
7 ence in cybersecurity, such as professional qualifications  
8 to administer information security program functions or  
9 experience detecting, preventing, mitigating, or addressing  
10 cybersecurity threats.

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