

118TH CONGRESS
2D SESSION

H. R. 4790

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 23, 2024

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

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.

TITLE I—MANDATORY
MATERIALITY REQUIREMENT

SEC. 1101. LIMITATION ON DISCLOSURE REQUIREMENTS.

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

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

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

“(1) IN GENERAL.—Whenever”; and

(3) by adding at the end the following:

“(2) LIMITATION.—

“(A) IN GENERAL.—Whenever pursuant to this title the Commission is engaged in rule-making regarding disclosure obligations of issuers, the Commission shall expressly provide that an issuer is only required to disclose information in response to such disclosure obligations to the extent the issuer has determined that such information is material with respect to a voting or investment decision regarding the securities of such issuer.

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

any disclosure requirement with respect to an issuer.

“(C) RULE OF CONSTRUCTION.—For the purposes of this paragraph, information is considered material with respect to a voting or investment decision regarding the securities of an issuer if there is a substantial likelihood that a reasonable investor would view the failure to disclose that information as having significantly altered the total mix of information made available to the investor.”.

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

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

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

“(1) IN GENERAL.—Whenever”; and

(3) by adding at the end the following:

“(2) LIMITATION.—

“(A) IN GENERAL.—Whenever pursuant to this title the Commission is engaged in rule-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 of 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 FACa.—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.

**TITLE V—CORPORATE
GOVERNANCE EXAMINATION**

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

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

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

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

“(B) SCOPE OF STUDY.—The studies required under subparagraph (A) shall cover—

“(i) the previous 10 years, with respect to the initial study; and

“(ii) the previous 5 years, with respect 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-

porate actions and vote outcomes, proxy advisors are subject to sufficient and effective regulation to ensure that their policies and recommendations are accurate, free of conflicts, and benefit the economic best interest of shareholders at large.

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

TITLE VI—REGISTRATION OF PROXY ADVISORY FIRMS

SEC. 3601. REGISTRATION OF PROXY ADVISORY FIRMS.

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

“SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.

“(a) CONDUCT PROHIBITED.—It shall be unlawful for a proxy advisory firm to make use of the mails or any means or instrumentality of interstate commerce to provide 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 (c), 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 “(l) 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 onciled 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 SECU-**
4 **RITIES BUSINESS.**

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 OMMENDATIONS 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: KEVIN F. MCCUMBER,
Clerk.