

116TH CONGRESS
2D SESSION

H. R. 6891

To amend the Federal Reserve Act to require the Board of Governors of the Federal Reserve System to establish goals for the use of diverse investment advisers, brokers, and dealers in investment management agreements related to the Board of Governor's unusual and exigent circumstances authority, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2020

Mrs. BEATTY introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To amend the Federal Reserve Act to require the Board of Governors of the Federal Reserve System to establish goals for the use of diverse investment advisers, brokers, and dealers in investment management agreements related to the Board of Governor's unusual and exigent circumstances authority, and for other purposes.

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

3 **SECTION 1. REQUIREMENTS FOR INVESTMENT MANAGE-**
4 **MENT AGREEMENTS.**

5 Section 13(3) of the Federal Reserve Act (12 U.S.C.
6 347d(3)) is amended by adding at the end the following:

1 “(F) REQUIREMENTS FOR INVESTMENT
2 MANAGEMENT AGREEMENTS.—

3 “(i) IN GENERAL.—With respect to
4 any investment management agreement en-
5 tered into by the Board of Governors of
6 the Federal Reserve System with respect
7 to any program or facility established
8 under this paragraph, the Board of Gov-
9 ernors shall set goals in such agreement
10 that require investment managers, to the
11 maximum extent possible, to utilize—

12 “(I) investment advisers and sub-
13 advisers that are diverse individual-
14 owned and controlled firms as inter-
15 mediaries; and

16 “(II) brokers and dealers that
17 are diverse individual-owned and con-
18 trolled firms.

19 “(ii) REPORT.—The Board of Gov-
20 ernors shall include, in the report required
21 under subparagraph (C), a description of
22 goals set pursuant to clause (i).

23 “(iii) DEFINITIONS.—For the pur-
24 poses of this subparagraph:

1 “(I) AFFILIATED PERSON.—The
2 term ‘affiliated person’ has the mean-
3 ing given that term under section 2(a)
4 of the Investment Company Act of
5 1940.

6 “(II) BROKER.—The term
7 ‘broker’ has the meaning given that
8 term under section 3 of the Securities
9 Exchange Act of 1934.

10 “(III) DEALER.—The term ‘deal-
11 er’ has the meaning given that term
12 under section 3 of the Securities Ex-
13 change Act of 1934.

14 “(IV) DIVERSE INDIVIDUAL-
15 OWNED AND CONTROLLED FIRM.—
16 The term ‘diverse individual-owned
17 and controlled firm’ means a firm—

18 “(aa) which is at least 51
19 percent owned by one or more in-
20 dividuals who are women, minori-
21 ties, or veterans; or

22 “(bb) whose management
23 and daily business operations
24 are—

1 “(AA) in the case of a
2 firm the shares of which are
3 traded on a national securi-
4 ties exchange, controlled by
5 a board with a majority of
6 members who are women,
7 minorities, or veterans; and

8 “(BB) in the case of
9 any other firm, at least 51
10 percent controlled by one or
11 more individuals who are
12 women, minorities, or vet-
13 erans.

14 “(V) INVESTMENT ADVISER.—
15 The term ‘investment adviser’ has the
16 meaning given the term in section
17 202(a)(11) of the Investment Advisers
18 Act of 1940.

19 “(VI) MINORITY.—The term ‘mi-
20 nority’ has the meaning given the
21 term in section 308(b) of the Finan-
22 cial Institutions Reform, Recovery,
23 and Enforcement Act of 1989 and
24 also includes any indigenous person in
25 the United States or its territories.

1 “(VII) VETERAN.—The term
2 ‘veteran’ has the meaning given the
3 term in section 101 of title 38, United
4 States Code.”.

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