

[DISCUSSION DRAFT]

118TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to prohibit robovoting with respect to votes related to proxy or consent solicitation materials, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Securities Exchange Act of 1934 to prohibit robovoting with respect to votes related to proxy or consent solicitation materials, 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 RELATED TO PROXY VOTING.**

4 (a) IN GENERAL.—Section 14 of the Securities Ex-
5 change Act of 1934 (15 U.S.C. 78n) is amended by adding
6 at the end the following:

7 “(1) PROHIBITION ON ROBOVOTING.—

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

5 “(2) ROBOVOTING DEFINED.—In this sub-
6 section, the term ‘robovoting’ means the practice of
7 automatically voting in a manner consistent with the
8 recommendations of a proxy advisory firm or pre-
9 populating votes on a proxy advisory firm’s elec-
10 tronic voting platform with the proxy advisory firm’s
11 recommendations, in either case, without inde-
12 pendent review and analysis.

13 “(m) PROHIBITION ON OUTSOURCING VOTING DECI-
14 SIONS BY INSTITUTIONAL INVESTORS.—An institutional
15 investor may not outsource voting decisions with respect
16 to votes related to proxy or consent solicitation materials.

17 “(n) NO REQUIREMENT TO VOTE.—No person may
18 be required to cast votes related to proxy or consent solici-
19 tation materials.

20 “(o) PROXY ADVISORY FIRM CALCULATION OF
21 VOTES.—With respect to votes related to proxy or consent
22 solicitation materials with respect to an issuer, a proxy
23 advisor firm shall calculate the vote result consistent with
24 the law of the State in which the issuer is incorporated.”.

1 (b) PROXY ADVISORY FIRM DEFINED.—Section 3(a)
2 of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))
3 is amended by adding at the end the following:

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

6 “(A) means any person who is primarily
7 engaged in the business of providing proxy vot-
8 ing advice, research, analysis, ratings, or rec-
9 ommendations to clients, which conduct con-
10 stitutes a solicitation within the meaning of sec-
11 tion 14; and

12 “(B) does not include any person that is
13 exempt under law or regulation from the re-
14 quirements otherwise applicable to persons en-
15 gaged in such a solicitation.”.