

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1731
OFFERED BY MR. HIMES OF CONNECTICUT**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Cybersecurity Dislo-
3 sure Act of 2019”.

4 SEC. 2. CYBERSECURITY TRANSPARENCY.

5 The Securities Exchange Act of 1934 (15 U.S.C. 78a
6 et seq.) is amended by inserting after section 14B (15
7 U.S.C. 78n-2) the following:

8 “SEC. 14C. CYBERSECURITY TRANSPARENCY.

9 “(a) DEFINITIONS.—In this section—

10 “(1) the term ‘cybersecurity’ means any action,
11 step, or measure to detect, prevent, deter, mitigate,
12 or address any cybersecurity threat or any potential
13 cybersecurity threat;

14 “(2) the term ‘cybersecurity threat’—

15 “(A) means an action, not protected by the
16 First Amendment to the Constitution of the
17 United States, on or through an information
18 system that may result in an unauthorized ef-

1 fort to adversely impact the security, avail-
2 ability, confidentiality, or integrity of an infor-
3 mation system or information that is stored on,
4 processed by, or transiting an information sys-
5 tem; and

6 “(B) does not include any action that sole-
7 ly involves a violation of a consumer term of
8 service or a consumer licensing agreement;

9 “(3) the term ‘information system’—

10 “(A) has the meaning given the term in
11 section 3502 of title 44, United States Code;
12 and

13 “(B) includes industrial control systems,
14 such as supervisory control and data acquisition
15 systems, distributed control systems, and pro-
16 grammable logic controllers;

17 “(4) the term ‘NIST’ means the National Insti-
18 tute of Standards and Technology; and

19 “(5) the term ‘reporting company’ means any
20 company that is an issuer—

21 “(A) the securities of which are registered
22 under section 12; or

23 “(B) that is required to file reports under
24 section 15(d).

1 “(b) REQUIREMENT TO ISSUE RULES.—Not later
2 than 360 days after the date of enactment of this section,
3 the Commission shall issue final rules to require each re-
4 porting company, in the annual report of the reporting
5 company submitted under section 13 or section 15(d) or
6 in the annual proxy statement of the reporting company
7 submitted under section 14(a)—

8 “(1) to disclose whether any member of the
9 governing body, such as the board of directors or
10 general partner, of the reporting company has exper-
11 tise or experience in cybersecurity and in such detail
12 as necessary to fully describe the nature of the ex-
13 pertise or experience; and

14 “(2) if no member of the governing body of the
15 reporting company has expertise or experience in cy-
16 bersecurity, to describe what other aspects of the re-
17 porting company’s cybersecurity were taken into ac-
18 count by any person, such as an official serving on
19 a nominating committee, that is responsible for iden-
20 tifying and evaluating nominees for membership to
21 the governing body.

22 “(c) CYBERSECURITY EXPERTISE OR EXPERI-
23 ENCE.—For purposes of subsection (b), the Commission,
24 in consultation with NIST, shall define what constitutes
25 expertise or experience in cybersecurity using commonly

1 defined roles, specialties, knowledge, skills, and abilities,
2 such as those provided in NIST Special Publication 800–
3 181, titled ‘National Initiative for Cybersecurity Edu-
4 cation (NICE) Cybersecurity Workforce Framework’, or
5 any successor thereto.”.

