

116TH CONGRESS
1ST SESSION

H. R. 5084

IN THE SENATE OF THE UNITED STATES

NOVEMBER 20, 2019

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

AN ACT

To amend the Securities Exchange Act of 1934 to require
the submission by issuers of data relating to diversity
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.**

2 This Act may be cited as the “Improving Corporate
3 Governance Through Diversity Act of 2019”.

4 **SEC. 2. SUBMISSION OF DATA RELATING TO DIVERSITY BY**
5 **ISSUERS.**

6 Section 13 of the Securities Exchange Act of 1934
7 (15 U.S.C. 78m) is amended by adding at the end the
8 following:

9 “(s) SUBMISSION OF DATA RELATING TO DIVER-
10 SITY.—

11 “(1) DEFINITIONS.—In this subsection—

12 “(A) the term ‘executive officer’ has the
13 meaning given the term in section 230.501(f) of
14 title 17, Code of Federal Regulations, as in ef-
15 fect on the date of enactment of this subsection;
16 and

17 “(B) the term ‘veteran’ has the meaning
18 given the term in section 101 of title 38, United
19 States Code.

20 “(2) SUBMISSION OF DISCLOSURE.—Each
21 issuer required to file an annual report under sub-
22 section (a) shall disclose in any proxy statement and
23 any information statement relating to the election of
24 directors filed with the Commission the following:

1 “(A) Data, based on voluntary self-identi-
2 fication, on the racial, ethnic, and gender com-
3 position of—

4 “(i) the board of directors of the
5 issuer;

6 “(ii) nominees for the board of direc-
7 tors of the issuer; and

8 “(iii) the executive officers of the
9 issuer.

10 “(B) The status of any member of the
11 board of directors of the issuer, any nominee
12 for the board of directors of the issuer, or any
13 executive officer of the issuer, based on vol-
14 untary self-identification, as a veteran.

15 “(C) Whether the board of directors of the
16 issuer, or any committee of that board of direc-
17 tors, has, as of the date on which the issuer
18 makes a disclosure under this paragraph,
19 adopted any policy, plan, or strategy to promote
20 racial, ethnic, and gender diversity among—

21 “(i) the board of directors of the
22 issuer;

23 “(ii) nominees for the board of direc-
24 tors of the issuer; or

1 “(iii) the executive officers of the
2 issuer.

3 “(3) ALTERNATIVE SUBMISSION.—In any 1-
4 year period in which an issuer required to file an an-
5 nual report under subsection (a) does not file with
6 the Commission a proxy statement relating to the
7 election of directors or an information statement, the
8 issuer shall disclose the information required under
9 paragraph (2) in the first annual report of issuer
10 that the issuer submits to the Commission after the
11 end of that 1-year period.

12 “(4) ANNUAL REPORT.—Not later than 18
13 months after the date of the enactment of this sub-
14 section, and annually thereafter, the Commission
15 shall submit to the Committee on Financial Services
16 of the House of Representatives and to the Com-
17 mittee on Banking, Housing, and Urban Affairs of
18 the Senate and publish on the website of the Com-
19 mission a report that analyzes the information dis-
20 closed pursuant to paragraphs (1), (2), and (3) and
21 identifies any trends in such information.

22 “(5) BEST PRACTICES.—

23 “(A) IN GENERAL.—The Director of the
24 Office of Minority and Women Inclusion of the
25 Commission shall, not later than the end of the

1 3-year period beginning on the date of the en-
2 actment of this subsection and every three
3 years thereafter, publish best practices for com-
4 pliance with this subsection.

5 “(B) COMMENTS.—The Director of the Of-
6 fice of Minority and Women Inclusion of the
7 Commission may, pursuant to subchapter II of
8 chapter 5 of title 5, United States Code, solicit
9 public comments related to the best practices
10 published under subparagraph (A).”.

11 **SEC. 3. DIVERSITY ADVISORY GROUP.**

12 (a) ESTABLISHMENT.—The Securities and Exchange
13 Commission shall establish a Diversity Advisory Group
14 (the “Advisory Group”), which shall be composed of rep-
15 resentatives from the government, academia, and the pri-
16 vate sector.

17 (b) STUDY AND RECOMMENDATIONS.—The Advisory
18 Group shall—

19 (1) carry out a study that identifies strategies
20 that can be used to increase gender, racial, and eth-
21 nic diversity among members of boards of directors
22 of issuers; and

23 (2) not later than 9 months after the establish-
24 ment of the Advisory Group, submit a report to the
25 Commission, the Committee on Financial Services of

1 the House of Representatives, and the Committee on
2 Banking, Housing, and Urban Affairs of the Senate
3 that—

4 (A) describes any findings from the study
5 conducted pursuant to paragraph (1); and

6 (B) makes recommendations of strategies
7 that issuers could use to increase gender, racial,
8 and ethnic diversity among board members.

9 (c) ANNUAL REPORT.—Not later than 1 year fol-
10 lowing the submission of a report pursuant to subsection
11 (b), and annually thereafter, the Commission shall submit
12 a report to the Committee on Financial Services of the
13 House of Representatives and the Committee on Banking,
14 Housing, and Urban Affairs of the Senate that describes
15 the status of gender, racial, and ethnic diversity among
16 members of the board of directors of issuers.

17 (d) PUBLIC AVAILABILITY OF REPORTS.—The Com-
18 mission shall make all reports of the Advisory Group avail-
19 able to issuers and the public, including on the website
20 of the Commission.

21 (e) DEFINITIONS.—For the purposes of this section:

22 (1) ISSUER.—The term “issuer” has the mean-
23 ing given the term in section 3 of the Securities Ex-
24 change Act of 1934.

