

Union Calendar No. 164

117TH CONGRESS
2^D SESSION

H. R. 1277

[Report No. 117-230]

To amend the Securities Exchange Act of 1934 to require the submission by issuers of data relating to diversity, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 2021

Mr. MEEKS (for himself and Mrs. CAROLYN B. MALONEY of New York) introduced the following bill; which was referred to the Committee on Financial Services

JANUARY 20, 2022

Additional sponsors: Ms. ADAMS, Mr. CASTRO of Texas, Mr. GOTTHEIMER, Mrs. LEE of Nevada, Mrs. MCBATH, Ms. WILLIAMS of Georgia, Ms. HOULAHAN, Mr. SHERMAN, Mr. HUFFMAN, Mr. DELGADO, and Ms. SHERRILL

JANUARY 20, 2022

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on February 24, 2021]

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Improving Corporate*
5 *Governance Through Diversity Act of 2021”.*

6 **SEC. 2. SUBMISSION OF DATA RELATING TO DIVERSITY BY**
7 **ISSUERS.**

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

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

12 *“(1) DEFINITIONS.—In this subsection—*

13 *“(A) the term ‘executive officer’ has the*
14 *meaning given the term in section 230.501(f) of*
15 *title 17, Code of Federal Regulations, as in effect*
16 *on the date of enactment of this subsection; 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 issuer*
21 *required to file an annual report under subsection (a)*
22 *shall disclose in any proxy statement and any infor-*
23 *mation statement relating to the election of directors*
24 *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 issuer;*

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

7 “(iii) *the executive officers of the*
8 *issuer.*

9 “(B) *The status of any member of the board*
10 *of directors of the issuer, any nominee for the*
11 *board of directors of the issuer, or any executive*
12 *officer of the issuer, based on voluntary self-iden-*
13 *tification, as a veteran.*

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

20 “(i) *the board of directors of the issuer;*

21 “(ii) *nominees for the board of direc-*
22 *tors of the issuer; or*

23 “(iii) *the executive officers of the*
24 *issuer.*

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

10 “(4) *ANNUAL REPORT.*—*Not later than 18*
11 *months after the date of enactment of this subsection,*
12 *and annually thereafter, the Commission shall submit*
13 *to the Committee on Financial Services of the House*
14 *of Representatives and the Committee on Banking,*
15 *Housing, and Urban Affairs of the Senate, and pub-*
16 *lish on the website of the Commission, a report that*
17 *analyzes the information disclosed under paragraphs*
18 *(2) and (3) and identifies any trends with respect to*
19 *such information.*

20 “(5) *BEST PRACTICES.*—

21 “(A) *IN GENERAL.*—*The Director of the Of-*
22 *fice of Minority and Women Inclusion of the*
23 *Commission shall, not later than 3 years after*
24 *the date of enactment of this subsection, and*

1 *every 3 years thereafter, publish best practices*
2 *for compliance with this subsection.*

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

9 **SEC. 3. DIVERSITY ADVISORY GROUP.**

10 (a) *DEFINITIONS.—For the purposes of this section:*

11 (1) *ADVISORY GROUP.—The term “Advisory*
12 *Group” means the Diversity Advisory Group estab-*
13 *lished under subsection (b).*

14 (2) *COMMISSION.—The term “Commission”*
15 *means the Securities and Exchange Commission.*

16 (3) *ISSUER.—The term “issuer” has the meaning*
17 *given the term in section 3(a) of the Securities Ex-*
18 *change Act of 1934 (15 U.S.C. 78c(a)).*

19 (b) *ESTABLISHMENT.—The Commission shall establish*
20 *a Diversity Advisory Group, which shall be composed of*
21 *representatives from—*

22 (1) *the Federal Government and State and local*
23 *governments;*

24 (2) *academia; and*

25 (3) *the private sector.*

1 (c) *STUDY AND RECOMMENDATIONS.*—*The Advisory*
2 *Group shall—*

3 (1) *carry out a study that identifies strategies*
4 *that can be used to increase gender, racial, and ethnic*
5 *diversity among members of boards of directors of*
6 *issuers; and*

7 (2) *not later than 270 days after the date on*
8 *which the Advisory Group is established, submit to*
9 *the Commission, the Committee on Financial Services*
10 *of the House of Representatives, and the Committee*
11 *on Banking, Housing, and Urban Affairs of the Sen-*
12 *ate a report that—*

13 (A) *describes any findings from the study*
14 *conducted under paragraph (1); and*

15 (B) *makes recommendations regarding*
16 *strategies that issuers could use to increase gen-*
17 *der, racial, and ethnic diversity among board*
18 *members.*

19 (d) *ANNUAL REPORT.*—*Not later than 1 year after the*
20 *date on which the Advisory Group submits the report re-*
21 *quired under subsection (c)(2), and annually thereafter, the*
22 *Commission shall submit to the Committee on Financial*
23 *Services of the House of Representatives and the Committee*
24 *on Banking, Housing, and Urban Affairs of the Senate a*
25 *report that describes the status of gender, racial, and ethnic*

1 *diversity among members of the boards of directors of*
2 *issuers.*

3 (e) *PUBLIC AVAILABILITY OF REPORTS.*—*The Com-*
4 *mission shall make all reports of the Advisory Group avail-*
5 *able to issuers and the public, including on the website of*
6 *the Commission.*

7 (f) *INAPPLICABILITY OF FEDERAL ADVISORY COM-*
8 *MITTEE ACT.*—*The Federal Advisory Committee Act (5*
9 *U.S.C. App.) shall not apply with respect to the Advisory*
10 *Group or the activities of the Advisory Group.*

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