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

NOVEMBER 14, 2019

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

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

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

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SEC. 2. SUBMISSION OF DATA RELATING TO DIVERSITY BY ISSUERS.

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

"(s) Submission of Data Relating to Diversity.—

"(1) Definitions.—In this subsection—

"(A) the term ‘executive officer’ has the meaning given the term in section 230.501(f) of title 17, Code of Federal Regulations, as in effect on the date of enactment of this subsection; and

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

"(2) Submission of disclosure.—Each issuer required to file an annual report under subsection (a) shall disclose in any proxy statement and any information statement relating to the election of directors filed with the Commission the following:

"(A) Data, based on voluntary self-identification, on the racial, ethnic, and gender composition of—

"(i) the board of directors of the issuer;
“(ii) nominees for the board of directors of the issuer; and

“(iii) the executive officers of the issuer.

“(B) The status of any member of the board of directors of the issuer, any nominee for the board of directors of the issuer, or any executive officer of the issuer, based on voluntary self-identification, as a veteran.

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

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

“(ii) nominees for the board of directors of the issuer; or

“(iii) the executive officers of the issuer.

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

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

“(5) Best practices.—

“(A) In general.—The Director of the
Office of Minority and Women Inclusion of the
Commission shall, not later than the end of the
3-year period beginning on the date of the en-
actment of this subsection and every three
years thereafter, publish best practices for com-
pliance with this subsection.

“(B) Comments.—The Director of the Of-

fice of Minority and Women Inclusion of the
Commission may, pursuant to subchapter II of chapter 5 of title 5, United States Code, solicit public comments related to the best practices published under subparagraph (A).”.

SEC. 3. DIVERSITY ADVISORY GROUP.

(a) ESTABLISHMENT.—The Securities and Exchange Commission shall establish a Diversity Advisory Group (the “Advisory Group”), which shall be composed of representatives from the government, academia, and the private sector.

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

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

(2) not later than 9 months after the establishment of the Advisory Group, submit a report to the Commission, the Committee on Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate that—

(A) describes any findings from the study conducted pursuant to paragraph (1); and
(B) makes recommendations of strategies that issuers could use to increase gender, racial, and ethnic diversity among board members.

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

(d) PUBLIC AVAILABILITY OF REPORTS.—The Commission shall make all reports of the Advisory Group available to issuers and the public, including on the website of the Commission.

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

(1) ISSUER.—The term “issuer” has the meaning given the term in section 3 of the Securities Exchange Act of 1934.

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