the student groups, the religious groups, had the right to choose their leadership. You can go back to the University of Wisconsin-Madison where the same type of ruling came down.

That being said, in 2022, the law school at Madison decided to reject the initial application of a Christian Legal Society chapter because the group requires that its leader is Christian, which administrators claim was different than requiring believing Christian beliefs. They only relented after being challenged on the legality of their actions.

The underlying bill already establishes that public universities cannot discriminate against religious groups for their leadership standards, but we all know that sometimes, like my previous amendment, you need to state the obvious.

When we find an issue that public universities will persist in fighting, even after losing in court, it is important to spell things out clearly. My amendment does just that. It inserts the statement: '' . . . regarding religious identity, belief, or practice.'' It clarifies their right to choose their leadership based off of their beliefs.

I urge adoption of my amendment, and I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Tennessee (Mr. OGLES).

The amendment was agreed to.

The Acting CHAIR. There being no further amendments, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. NUNN of Iowa) having assumed the chair, Mr. BOST, Acting Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 3724) to amend the Higher Education Act of 1965 to prohibit recognized accrediting agencies and associations from requiring, encouraging, or coercing institutions of higher education to meet any political litmus test or violate any right protected by the Constitution as a condition of accreditation, and, pursuant to House Resolution 1455, he reported the bill, as amended by that resolution, back to the House with sundry further amendments adopted in the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment reported from the Committee of the Whole? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Ms. BONAMICI. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore (Mr. BOST). The Clerk will report the motion to recommit.

The Clerk read as follows:

Ms. Bonamici of Oregon moves to recommit the bill H.R. 3724 to the Committee on Education and the Workforce.

The SPEAKER pro tempore. Pursuant to clause 2(b) of rule XIX, the previous question is ordered on the motion to recommit.

The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Ms. BONAMICI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question are postponed.

GUIDING UNIFORM AND RESPONSIBLE DISCLOSURE REQUIREMENTS AND INFORMATION LIMITS ACT OF 2023

Mr. HUIZENGA. Mr. Speaker, pursuant to House Resolution 1455, I call up the bill (H.R. 4790) to amend the Federal securities laws with respect to the materiality of disclosure requirements, to establish the Public Company Advisory Committee, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 1455, in lieu of the amendment in the nature of a substitute recommended by the Committee on Financial Services printed in the bill, an amendment in the nature of a substitute consisting of the text of Rules Committee Print 118–48, modified by the amendment printed in part B of House Report 118–685, is adopted, and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 4790

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Prioritizing Economic Growth Over Woke Policies Act''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE I—MANDATORY MATERIALITY REQUIREMENT

SEC. 1101. LIMITATION ON DISCLOSURE REQUIREMENTS.

(a) SECURITIES ACT OF 1933.—Section 2(b) of the Securities Act of 1933 (15 U.S.C. 77b(b)) is amended—

(1) in the subsection heading, by inserting ''; LIMITATION ON DISCLOSURE REQUIREMENTS'' after ''FORMATION'';

(2) by striking ''Whenever'' and inserting the following:

''(1) IN GENERAL.—Whenever''; and

(3) by adding at the end the following:

''(2) LIMITATION.—

''(A) IN GENERAL.—Whenever pursuant to this title the Commission is engaged in rulemaking regarding disclosure obligations of issuers, the Commission shall expressly provide that an issuer is only required to disclose information in response to such disclosure obligations to the extent the issuer has determined that such information is material with respect to a voting or investment decision regarding the securities of such issuer.

''(B) APPLICABILITY.—Subparagraph (A) shall not apply with respect to the removal of any disclosure requirement with respect to an issuer.

''(C) RULE OF CONSTRUCTION.—For the purposes of this paragraph, information is considered material with respect to a voting or investment decision regarding the securities of an issuer if there is a substantial likelihood that a reasonable investor would view the failure to disclose that information as having significantly altered the total mix of information made available to the investor.''.

(b) SECURITIES EXCHANGE ACT OF 1934.—Section 3(f) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(f)) is amended—

(1) in the subsection heading, by inserting ''; LIMITATION ON DISCLOSURE REQUIREMENTS'' after ''FORMATION'';

(2) by striking ''Whenever'' and inserting the following:

''(1) IN GENERAL.—Whenever''; and

(3) by adding at the end the following:

''(2) LIMITATION.—

''(A) IN GENERAL.—Whenever pursuant to this title the Commission is engaged in rulemaking regarding disclosure obligations of issuers, the Commission shall expressly provide that an issuer is only required to disclose information in response to such disclosure obligations to the extent the issuer has determined that such information is material with respect to a voting or investment decision regarding the securities of such issuer.

''(B) APPLICABILITY.—Subparagraph (A) shall not apply with respect to the removal of any disclosure requirement with respect to an issuer.

''(C) RULE OF CONSTRUCTION.—For the purposes of this paragraph, information is considered material with respect to a voting or investment decision regarding the securities of an issuer if there is a substantial likelihood that a reasonable investor would view the failure to disclose that information as having significantly altered the total mix of information made available to the investor.''.

TITLE II—SEC JUSTIFICATION OF NON-MATERIAL DISCLOSURE MANDATES

SEC. 1201. SEC JUSTIFICATION OF NON-MATERIAL DISCLOSURE MANDATES.

Section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) is amended by adding at the end the following:

''(e) NON-MATERIAL DISCLOSURE MANDATES.—

''(1) DISCLOSURE.—The Commission shall maintain a list on the website of the Commission that contains—

''(A) each mandate under the Federal securities laws and regulations that requires the disclosure of non-material information; and

''(B) for each such disclosure mandate, an explanation of why the mandate is required.

''(2) STUDY AND REPORT.—The Commission shall, every 5 years, issue a report to the Congress justifying each disclosure contained on the list required under paragraph (1).

''(3) NO PRIVATE LIABILITY FOR FAILING TO MAKE A NON-MATERIAL DISCLOSURE.—A person who fails to disclose non-material information required to be disclosed under the Federal securities laws or regulations shall not be liable for such failure in any private action.''.

TITLE III—PUBLIC COMPANY ADVISORY COMMITTEE

SEC. 1301. PUBLIC COMPANY ADVISORY COMMITTEE.

The Securities Exchange Act of 1934 is amended by inserting after section 40 (15 U.S.C. 78qq) the following:

''SEC. 40A. PUBLIC COMPANY ADVISORY COMMITTEE.

''(a) ESTABLISHMENT AND PURPOSE.—

''(1) ESTABLISHMENT.—There is established within the Commission the Public Company Advisory Committee (referred to in this section as the 'Committee').

''(2) PURPOSE.—The Committee shall—

''(A) provide the Commission with advice on its rules, regulations, and policies with regard to its mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation, as they relate to—

''(i) existing and emerging regulatory priorities of the Commission;

''(ii) issues relating to the public reporting and corporate governance of public companies;

''(iii) issues relating to the proxy process for shareholder meetings held by public companies;

''(iv) issues relating to trading in the securities of public companies; and

''(v) issues relating to capital formation; and

''(B) submit to the Commission such findings and recommendations as the Committee determines are appropriate, including recommendations for proposed regulatory and legislative changes.

''(b) MEMBERSHIP.—

''(1) IN GENERAL.—The membership of the Committee shall be not fewer than 10, and not more than 20, members appointed by the Commission from among individuals who—

''(A) are officers, directors, or senior officials of public companies registered with the Commission under the Securities Act or 1933 and this Act, except for those public companies that own asset management, fixed income, investment advisory, broker-dealer, or proxy services businesses;

''(B) are executives or other individuals with senior managerial responsibility in business, professional, trade, and industry associations that represent the interests of such public companies; or

''(C) are professional advisers and service providers to such public companies (including attorneys, accountants, investment bankers, and financial advisers).

''(2) QUALIFICATIONS.—At least 50 percent of the Committee membership shall be drawn from individuals who would qualify for membership under paragraph (1)(A).

''(3) TERM.—

''(A) IN GENERAL.—Each member of the Committee appointed under paragraph (1) shall serve for a term of 4 years.

''(B) VACANCIES.—Vacancies among the members, whether caused by the resignation, death, removal, expiration of a term, or otherwise, will be filled consistent with the Commission's procedures then in effect.

''(C) STAGGERED TERMS.—The members of the Committee shall serve staggered terms, with one-third of the initial members of the Committee each serving for 1, 2, or 3 years.

''(4) MEMBERS NOT ON OTHER ADVISORY COMMITTEES.—Public companies and other organizations that are currently represented on any other Commission Advisory Committee are not eligible to have representatives also serve on the Public Company Advisory Committee.

''(5) MEMBERS NOT COMMISSION EMPLOYEES.—Members appointed under paragraph (1) shall not be considered to be employees or agents of the Commission solely because of membership on the Committee.

''(c) CHAIR; VICE CHAIR; SECRETARY; ASSISTANT SECRETARY.—

''(1) IN GENERAL.—The members of the Committee shall elect, from among the members of the Committee—

''(A) a Chair;

''(B) a Vice Chair;

''(C) a Secretary; and

''(D) an Assistant Secretary.

''(2) TERM.—Each member elected under paragraph (1) shall serve for a term of two years in the capacity the member was elected under paragraph (1).

''(3) SUBCOMMITTEES.—The Chair may create subcommittees that hold public or non-public meetings and provide recommendations to the full Committee.

''(d) MEETINGS.—

''(1) FREQUENCY OF MEETINGS.—The Committee shall meet—

''(A) not less frequently than twice annually, at the call of the Chair of the Committee; and

''(B) from time to time, at the call of the Commission.

''(2) NOTICE.—The Chair of the Committee shall give the members of the Committee written notice of each meeting, not later than two weeks before the date of the meeting.

''(e) COMPENSATION AND TRAVEL EXPENSES.—Each member of the Committee who is not a full-time employee of the United States shall—

''(1) be entitled to receive compensation at a rate not to exceed the daily equivalent of the

annual rate of basic pay in effect for a position at level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day during which the members is engaged in the actual performance of the duties of the Committee; and

''(2) while away from the home or regular place of business of the member in the performance of services for the Committee, be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

''(f) STAFF.—The Commission shall make available to the Committee such staff as the Chair of the Committee determines are necessary to carry out this section.

''(g) REVIEW BY COMMISSION.—The Commission shall—

''(1) review the findings and recommendations of the Committee; and

''(2) each time the Committee submits a finding or recommendation to the Commission, promptly issue a public statement—

''(A) assessing the finding or recommendation of the Committee; and

''(B) disclosing the action, if any, the Commission intends to take with respect to the finding or recommendation.

''(h) COMMITTEE FINDINGS.—Nothing in this section shall require the Commission to agree to or act upon any finding or recommendation of the Committee.

''(i) NONAPPLICABILITY OF FACA.—Chapter 10 of part I of title 5, United States Code, shall not apply to the Committee and its activities.''.

TITLE IV—PROTECTING U.S. BUSINESS SOVEREIGNTY

SEC. 1401. STUDY ON DETRIMENTAL IMPACT OF THE DIRECTIVE ON CORPORATE SUSTAINABILITY DUE DILIGENCE AND CORPORATE SUSTAINABILITY REPORTING DIRECTIVE.

(a) STUDY.—The Securities and Exchange Commission shall conduct a study to examine and evaluate—

(1) the detrimental impact and potential detrimental impact of each of the Directives on—

(A) United States companies, consumers, and investors; and

(B) the economy of the United States;

(2) the extent to which each of the Directives aligns with international conventions and declarations on human rights and environmental obligations; and

(3) the legal basis for the extraterritorial reach of each of the Directives.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Securities and Exchange Commission shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives, the Secretary of State, the Secretary of Commerce, and the United States Trade Representative a report that includes—

(1) the results of the study conducted under this section; and

(2) recommendations for policymakers and relevant stakeholders on potential mitigating measures, alternative approaches, or modifications to each of the Directives that would address any concerns identified in the study.

(c) ACCESS TO INFORMATION.—The Securities and Exchange Commission may request from private entities such relevant data and information as the Securities and Exchange Commission determines necessary to carry out the study required under this section and such private entities shall provide such requested data and information to the Securities and Exchange Commission.

(d) DIRECTIVES DEFINED.—In this section the term ''Directives'' means—

(1) the proposed directive entitled ''Corporate Sustainability Due Diligence'' adopted by the European Commission on February 23, 2022; and

(2) the Corporate Sustainability Reporting Directive of the European Commission effective January 5, 2023.

DIVISION B—BUSINESSES OVER ACTIVISTS ACT

SEC. 2001. SHORT TITLE.

This division may be cited as the ''Businesses Over Activists Act''.

SEC. 2002. LIMITATION WITH RESPECT TO COMPELLING THE INCLUSION OR DISCUSSION OF SHAREHOLDER PROPOSALS.

Section 14(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78n(a)) is amended by adding at the end the following:

''(3) LIMITATION WITH RESPECT TO COMPELLING INCLUSION OR DISCUSSION OF SHAREHOLDER PROPOSALS.—Except as provided in paragraph (2), the Commission may not compel an issuer to include in a proxy statement of the issuer—

''(A) any shareholder proposal; or

''(B) any discussion (either from the issuer or otherwise) related to a shareholder proposal contained in the proxy statement.

''(4) RULE OF CONSTRUCTION RELATING TO STATE AUTHORITY.—Nothing in this Act or any other securities law shall be construed to provide the Commission the authority to preempt the State regulation of shareholder proposals or proxy or consent solicitation materials.''.

DIVISION C—PROTECTING AMERICANS' RETIREMENT SAVINGS FROM POLITICS ACT

SEC. 3001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the ''Protecting Americans' Retirement Savings from Politics Act''.

(b) TABLE OF CONTENTS.—The table of contents for this division is as follows:

TITLE I—PERFORMANCE OVER POLITICS

SEC. 3101. EXCLUSION OF CERTAIN SUBSTANTIALLY SIMILAR SHAREHOLDER PROPOSALS.

The Securities and Exchange Commission shall revise the resubmission requirements in section 240.14a-8(i)(12) of title 17, Code of Federal Regulations, to provide that a shareholder proposal may be excluded by an issuer from its proxy or consent solicitation material for a meeting of the shareholders of such issuer if the shareholder proposal addresses substantially the same subject matter as a proposal, or proposals, previously included in the proxy or consent solicitation material for a meeting of the shareholders of such issuer—

(1) for a meeting of the shareholders conducted in the preceding 5 calendar years; and

(2) if the most recent vote—

(A) occurred in the preceding 3 calendar years; and

(B)(i) if voted on once during such 5-year period, received less than 10 percent of the votes cast;

(ii) if voted on twice during such 5-year period, received less than 20 percent of the votes cast; or

(iii) if voted on three or more times during such 5-year period, received less than 40 percent of the votes cast.

TITLE II—NO EXPENSIVE, STIFLING GOVERNANCE

SEC. 3201. EXCLUSION OF CERTAIN SHAREHOLDER PROPOSALS.

(a) EXCLUSION OF CERTAIN SHAREHOLDER PROPOSALS.—A shareholder proposal submitted to an issuer pursuant to section 240.14a-8 of title 17, Code of Federal Regulations, may be excluded by an issuer from its proxy or consent solicitation material for a meeting of the shareholders of such issuer if the shareholder proposal—

(1) has been substantially implemented by the issuer by implementing policies, practices, or procedures that compare favorably with the guidelines of the proposal and address the proposal's underlying concerns; or

(2) substantially duplicates by having the same principal thrust or principal focus as another proposal previously submitted to the issuer by another proponent that will be included in such material.

(b) NULLIFICATION OF PROPOSED RULE.—The Securities and Exchange Commission may not finalize or apply the positions contained in the proposed rule entitled ''Substantial Implementation, Duplication, and Resubmission of Shareholder Proposals under Exchange Act Rule 14a-8'' (87 Fed. Reg. 45052), issue any substantially similar rule, or apply any substantially similar rule, including with respect to a no-action or other interpretive request.

TITLE III—EXCLUSION OF CERTAIN ESG SHAREHOLDER PROPOSALS

SEC. 3301. EXCLUSION OF CERTAIN ESG SHAREHOLDER PROPOSALS.

A shareholder proposal submitted to an issuer pursuant to section 240.14a-8 of title 17, Code of Federal Regulations, may be excluded by an issuer from its proxy or consent solicitation material for a meeting of the shareholders of such issuer if the subject matter of the shareholder proposal is environmental, social, or political (or a similar subject matter).

TITLE IV—EXCLUSIONS AVAILABLE REGARDLESS OF SIGNIFICANT SOCIAL POLICY ISSUE

SEC. 3401. EXCLUSIONS AVAILABLE REGARDLESS OF SIGNIFICANT SOCIAL POLICY ISSUE.

An issuer may exclude a shareholder proposal pursuant to section 240.14a-8(i) of title 17, Code of Federal Regulations, without regard to whether such shareholder proposal relates to a significant social policy issue.

TITLE V—CORPORATE GOVERNANCE EXAMINATION

SEC. 3501. STUDY OF CERTAIN ISSUES WITH RESPECT TO SHAREHOLDER PROPOSALS, PROXY ADVISORY FIRMS, AND THE PROXY PROCESS.

Section 4(j) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(j)) is amended by adding at the end the following:

''(10) STUDY OF CERTAIN ISSUES WITH RESPECT TO SHAREHOLDER PROPOSALS, PROXY ADVISORY FIRMS, AND THE PROXY PROCESS.—

''(A) IN GENERAL.—Not later than 180 days after the date of the enactment of this paragraph, and every 5 years thereafter, the Commission shall conduct a comprehensive study on shareholder proposals, proxy advisory firms, and the proxy process.

''(B) SCOPE OF STUDY.—The studies required under subparagraph (A) shall cover—

''(i) the previous 10 years, with respect to the initial study; and

''(ii) the previous 5 years, with respect to each other study.

''(C) CONTENTS.—Each study required under subparagraph (A) shall address the following issues:

''(i) The financial and other incentives and obligations of all groups involved in the proxy process.

''(ii) A consideration of whether financial and other incentives have created a process that no longer serves the economic interests of long-term retail investors.

''(iii) An analysis of whether regulations and financial incentives have created and protected the outsized influence of proxy advisors or a duopoly in proxy advice, and if so, what are the benefits and costs of that outsized influence or duopoly.

''(iv) The costs incurred by issuers in responding to politically-, environmentally-, or socially-motivated shareholder proposals.

''(v) An assessment, including a cost-benefit analysis, of the adequacy of the current submission thresholds in Rule 14a-8 (17 CFR 240.14a-8) to ensure that shareholder proponents have demonstrated a meaningful economic stake in a company, which is appropriate to effectively serve markets and shareholders at large.

''(vi) An examination of the extent to which the politicization of the shareholder proposal process is increasing the operating costs of public companies.

''(vii) An analysis of the impact that shareholder proposals have on discouraging private companies from going public.

''(viii) An evaluation of the risk that shareholder proposals may contribute to the balkanization of the U.S. economy over time.

''(ix) A thorough assessment of the economic analysis, if any, conducted by proxy advisory firms and institutional shareholders when recommending or voting in favor of shareholder proposals.

''(x) A review of the extent to which institutional investors, who owe fiduciary duties, rely on proxy advisory firm recommendations.

''(xi) An assessment of whether, in light of their significant influence on corporate actions and vote outcomes, proxy advisors are subject to sufficient and effective regulation to ensure that their policies and recommendations are accurate, free of conflicts, and benefit the economic best interest of shareholders at large.

''(D) REPORT.—At the completion of each study required under subparagraph (A) the Commission shall issue a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that includes the results of the study.''.

TITLE VI—REGISTRATION OF PROXY ADVISORY FIRMS

SEC. 3601. REGISTRATION OF PROXY ADVISORY FIRMS.

(a) AMENDMENT.—The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 15G the following new section:

''SEC. 15H. REGISTRATION OF PROXY ADVISORY FIRMS.

''(a) CONDUCT PROHIBITED.—It shall be unlawful for a proxy advisory firm to make use of the mails or any means or instrumentality of interstate commerce to provide proxy voting advice, research, analysis, ratings or recommendations to any client, unless such proxy advisory firm is registered under this section.

''(b) REGISTRATION PROCEDURES.—

''(1) APPLICATION FOR REGISTRATION.—

''(A) IN GENERAL.—A proxy advisory firm shall file with the Commission an application for registration, in such form as the Commission shall require, by rule, and containing the information described in subparagraph (B).

''(B) REQUIRED INFORMATION.—An application for registration under this section shall contain—

''(i) a certification that the applicant is able to consistently provide proxy advice based on accurate information;

''(ii) with respect to clients of the applicant that vote shares held on behalf of shareholders, a certification that the applicant—

''(I) will provide proxy voting advice only in the best economic interest of those shareholders; and

''(II) has the requisite expertise to ensure that voting recommendations are in the best economic interest of those shareholders;

''(iii) information on the procedures and methodologies that the applicant uses to ensure that proxy voting recommendations are in the best economic interest of the ultimate shareholders;

''(iv) information on the organizational structure of the applicant;

''(v) an explanation of whether or not the applicant has in effect a code of ethics, and if not, the reasons therefor;

''(vi) a description of any potential or actual conflict of interest relating to the provision of proxy advisory services, including those arising out of or resulting from the ownership structure of the applicant or the provision of other services by the applicant or any person associated with the applicant;

''(vii) the policies and procedures in place to publicly disclose and manage conflicts of interest under subsection (f);

''(viii) information related to the professional and academic qualifications of staff tasked with providing proxy advisory services; and

''(ix) any other information and documents concerning the applicant and any person associated with such applicant as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors.

''(2) REVIEW OF APPLICATION.—

''(A) INITIAL DETERMINATION.—Not later than 90 days after the date on which the application for registration is filed with the Commission under paragraph (1) (or within such longer period as to which the applicant consents) the Commission shall—

''(i) by order, grant registration; or

''(ii) institute proceedings to determine whether registration should be denied.

''(B) CONDUCT OF PROCEEDINGS.—

''(i) CONTENT.—Proceedings referred to in subparagraph (A)(ii) shall—

''(I) include notice of the grounds for denial under consideration and an opportunity for hearing; and

''(II) be concluded not later than 120 days after the date on which the application for registration is filed with the Commission under paragraph (1).

''(ii) DETERMINATION.—At the conclusion of such proceedings, the Commission, by order, shall grant or deny such application for registration.

''(iii) EXTENSION AUTHORIZED.—The Commission may extend the time for conclusion of such proceedings for not longer than 90 days, if the Commission finds good cause for such extension and publishes its reasons for so finding, or for such longer period as to which the applicant consents.

''(C) GROUNDS FOR DECISION.—The Commission shall grant registration under this subsection—

''(i) if the Commission finds that the requirements of this section are satisfied; and

''(ii) unless the Commission finds (in which case the Commission shall deny such registration) that—

''(I) the applicant has failed to certify to the Commission's satisfaction that it is able to consistently provide proxy advice based on accurate information and to materially comply with the procedures and methodologies disclosed under paragraph (1)(B) and with subsections (f) and (g); or

''(II) if the applicant were so registered, its registration would be subject to suspension or revocation under subsection (d).

''(3) PUBLIC AVAILABILITY OF INFORMATION.—Subject to section 24, the Commission shall make the information and documents submitted to the Commission by a proxy advisory firm in its completed application for registration, or in any amendment submitted under paragraph (1) or (2) of subsection (c), publicly available on the Commission's website, or through another comparable, readily accessible means.

''(c) UPDATE OF REGISTRATION.—

''(1) UPDATE.—Each registered proxy advisory firm shall promptly amend and update its application for registration under this section if any information or document provided therein becomes materially inaccurate, except that a registered proxy advisory firm is not required to amend the information required to be filed under subsection (b)(1)(B)(i) by filing information under this paragraph, but shall amend such information in the annual submission of the organization under paragraph (2) of this subsection.

''(2) CERTIFICATION.—Not later than 90 calendar days after the end of each calendar year, each registered proxy advisory firm shall file with the Commission an amendment to its registration, in such form as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors—

''(A) certifying that the information and documents in the application for registration of such registered proxy advisory firm continue to be accurate in all material respects; and

''(B) listing any material change that occurred to such information or documents during the previous calendar year.

''(d) CENSURE, DENIAL, OR SUSPENSION OF REGISTRATION; NOTICE AND HEARING.—The Commission, by order, shall censure, place limitations on the activities, functions, or operations of, suspend for a period not exceeding 12 months, or revoke the registration of any registered proxy advisory firm if the Commission finds, on the record after notice and opportunity for hearing, that such censure, placing of limitations, suspension, or revocation is necessary for the protection of investors and in the public interest and that such registered proxy advisory firm, or any person associated with such an organization, whether prior to or subsequent to becoming so associated—

''(1) has committed or omitted any act, or is subject to an order or finding, enumerated in subparagraph (A), (D), (E), (H), or (G) of section 15(b)(4), has been convicted of any offense

specified in section 15(b)(4)(B), or is enjoined from any action, conduct, or practice specified in subparagraph (C) of section 15(b)(4), during the 10-year period preceding the date of commencement of the proceedings under this subsection, or at any time thereafter;

''(2) has been convicted during the 10-year period preceding the date on which an application for registration is filed with the Commission under this section, or at any time thereafter, of—

''(A) any crime that is punishable by imprisonment for 1 or more years, and that is not described in section 15(b)(4)(B); or

''(B) a substantially equivalent crime by a foreign court of competent jurisdiction;

''(3) is subject to any order of the Commission barring or suspending the right of the person to be associated with a registered proxy advisory firm;

''(4) fails to furnish the certifications required under subsections (b)(2)(C)(ii)(I) and (c)(2);

''(5) has engaged in one or more prohibited acts enumerated in paragraph (1);

''(6) fails to maintain adequate financial and managerial resources to consistently offer advisory services to clients that vote shares held on behalf of shareholders consistent with the best economic interest of those shareholders, including by failing to comply with subsections (f) or (g);

''(7) fails to maintain adequate expertise to ensure that proxy advisory services for clients that vote shares held on behalf of shareholders are tied to the best economic interest of those shareholders; or

''(8) engages in a prohibited act enumerated in subsection (j).

''(e) TERMINATION OF REGISTRATION.—

''(1) VOLUNTARY WITHDRAWAL.—A registered proxy advisory firm may, upon such terms and conditions as the Commission may establish as necessary in the public interest or for the protection of investors, which terms and conditions shall include at a minimum that the registered proxy advisory firm will no longer conduct such activities as to bring it within the definition of proxy advisory firm in section 3(a)(82), withdraw from registration by filing a written notice of withdrawal to the Commission.

''(2) COMMISSION AUTHORITY.—In addition to any other authority of the Commission under this title, if the Commission finds that a registered proxy advisory firm is no longer in existence or has ceased to do business as a proxy advisory firm, the Commission, by order, shall cancel the registration under this section of such registered proxy advisory firm.

''(f) MANAGEMENT OF CONFLICTS OF INTEREST.—

''(1) ORGANIZATION POLICIES AND PROCEDURES.—Each registered proxy advisory firm shall establish, maintain, and enforce written policies and procedures reasonably designed, taking into consideration the nature of the business of such registered proxy advisory firm and associated persons, to publicly disclose and manage any conflicts of interest that arise or would reasonably be expected to arise from such business.

''(2) COMMISSION AUTHORITY.—The Commission shall, within one year of the date of enactment of this section, issue final rules to prohibit, or require the management and public disclosure of, any conflicts of interest relating to the offering of proxy advisory services by a registered proxy advisory firm, including, without limitation, conflicts of interest relating to—

''(A) the manner in which a registered proxy advisory firm is compensated by the client, any affiliate of the client, or any other person for providing proxy advisory services;

''(B) business relationships, ownership interests, or any other financial or personal interests between a registered proxy advisory firm, or any person associated with such registered proxy advisory firm, and any client, or any affiliate of such client;

''(C) the formulation of proxy voting policies;

''(D) the execution, or assistance with the execution, of proxy votes if such votes are based upon recommendations made by the proxy advisory firm in which a person other than the issuer is a proponent; and

''(E) any other potential conflict of interest, as the Commission deems necessary or appropriate in the public interest or for the protection of investors.

''(3) DISCLOSURE ON FACTORS INFLUENCING RECOMMENDATIONS.—Each registered proxy advisory firm shall annually disclose to the Commission and make publicly available the economic and other factors that a reasonable investor would expect to influence the recommendations of such proxy advisory firm, including the ownership composition of such proxy advisory firm and any meetings with, or feedback received from, outside entities.

''(g) RELIABILITY OF PROXY ADVISORY FIRM SERVICES.—

''(1) IN GENERAL.—Each registered proxy advisory firm shall—

''(A) have staff and other resources sufficient to produce proxy voting recommendations that are based on accurate and current information and designed for clients that vote shares held on behalf of shareholders to advance the best economic interest of those shareholders;

''(B) implement procedures that permit issuers that are the subject of proxy voting recommendations—

''(i) access in a reasonable time to data and information used to make recommendations; and

''(ii) a reasonable opportunity to provide meaningful comment and corrections to such data and information, including the opportunity to present (in person or telephonically) details to the person responsible for developing such data and information prior to the publication of proxy voting recommendations to clients;

''(C) employ an ombudsman to receive complaints about the accuracy of information used in making recommendations from the companies that are the subject of the proxy advisory firm's voting recommendations and seek to resolve those complaints in a timely fashion and prior to the publication of proxy voting recommendations to clients; and

''(D) if the ombudsman is unable to resolve a complaint to a company's satisfaction prior to the publication of proxy voting recommendations to clients, include in the final report of the firm to clients—

''(i) a statement detailing the company's complaints, if requested in writing by the company; and

''(ii) a statement explaining why the proxy voting recommendation is in the best economic interest of shareholders.

''(2) DEFINITIONS.—In this subsection:

''(A) DATA AND INFORMATION USED TO MAKE RECOMMENDATIONS.—The term 'data and information used to make voting recommendations'—

''(i) means the financial, operational, or descriptive data and information on an issuer used by proxy advisory firms and any contextual or substantive analysis impacting the recommendation; and

''(ii) does not include the entirety of the proxy advisory firm's final report to its clients.

''(B) REASONABLE TIME.—The term 'reasonable time'—

''(i) means not less than 1 week before the publication of proxy voting recommendations for clients; and

''(ii) shall not otherwise interfere with a proxy advisory firm's ability to provide its clients with timely access to accurate proxy voting research, analysis, or recommendations.

''(h) PRIVATE RIGHT OF ACTION WITH RESPECT TO ILLEGAL RECOMMENDATIONS.—Any proxy advisory firm that endorses a proposal that is not supported by the issuer but is approved and subsequently found by a court of competent jurisdiction to violate State or Federal law shall be liable to the applicable issuer for the costs associated with the approval of such proposal, including implementation costs and any penalties incurred by the issuer.

''(i) DESIGNATION OF COMPLIANCE OFFICER.—Each registered proxy advisory firm shall designate an individual who reports directly to senior management as responsible for administering the policies and procedures that are required to be established pursuant to subsections (f) and (g), and for ensuring compliance with the securities laws and the rules and regulations thereunder, including those promulgated by the Commission pursuant to this section.

''(j) PROHIBITED CONDUCT.—

''(1) PROHIBITED ACTS AND PRACTICES.—Not later than one year after the date of enactment of this section, the Commission shall issue final rules to prohibit any act or practice relating to the offering of proxy advisory services by a registered proxy advisory firm that the Commission determines to be unfair, coercive, or abusive, including any act or practice relating to—

''(A) advisory or consulting services (offered directly or indirectly, including through an affiliate) related to corporate governance issues; or

''(B) modifying a voting recommendation or otherwise departing from its adopted systematic procedures and methodologies in the provision of proxy advisory services, based on whether an issuer, or affiliate thereof, subscribes or will subscribe to other services or product of the registered proxy advisory firm or any person associated with such organization.

''(2) RULE OF CONSTRUCTION.—Nothing in paragraph (1), or in any rules or regulations adopted thereunder, may be construed to modify, impair, or supersede the operation of any of the antitrust laws (as defined in the first section of the Clayton Act, except that such term includes section 5 of the Federal Trade Commission Act, to the extent that such section 5 applies to unfair methods of competition).

''(k) STATEMENTS OF FINANCIAL CONDITION.—Each registered proxy advisory firm shall, on a confidential basis, file with the Commission, at intervals determined by the Commission, such financial statements, certified (if required by the rules or regulations of the Commission) by an independent public auditor, and information concerning its financial condition, as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors.

''(l) ANNUAL REPORT.—

''(1) IN GENERAL.—Each registered proxy advisory firm shall, not later than 90 calendar days after the end of each fiscal year, file with the Commission and make publicly available an annual report in such form as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors.

''(2) CONTENTS.—Each annual report required under paragraph (1) shall include, at a minimum, disclosure by the registered proxy advisory firm of the following:

''(A) A list of shareholder proposals the staff of the registered proxy advisory firm reviewed in the prior fiscal year.

''(B) A list of the recommendations made in the prior fiscal year.

''(C) The economic analysis conducted to determine that final recommendations provided in the prior fiscal year (other than recommendations relating to an issuer-sponsored proposal or recommendations consistent with that of a board of directors composed of a majority of independent directors) delivered to clients that vote shares held on behalf of shareholders were in the best economic interest of those shareholders.

''(D) The staff who reviewed and made recommendations on such proposals in the prior fiscal year.

''(E) The qualifications of such staff to ensure that each of the recommendations for clients that vote shares held on behalf of shareholders

were tied to the best economic interest of those shareholders.

''(F) The recommendations made in the prior fiscal year where the proponent of such recommendation was a client of or received services from the proxy advisory firm.

''(G) A certification by the chief executive officer, chief financial officer, and the primary executive responsible for overseeing the compilation and dissemination of proxy voting advice that the final recommendations (other than recommendations relating to an issuer-sponsored proposal or recommendations consistent with that of a board of directors composed of a majority of independent directors) delivered to clients that vote shares held on behalf of shareholders in the last fiscal year—

''(i) were based on internal controls and procedures that are designed to ensure accurate information and that such internal controls and procedures are effective;

''(ii) do not violate applicable State or Federal law; and

''(iii) were based on the best economic interest of those shareholders.

''(H) The economic and other factors that a reasonable investor would expect to influence the recommendations of such proxy advisory firm, including the ownership composition of such proxy advisory firm.

''(m) TRANSPARENT POLICIES.—Each registered proxy advisory firm shall file with the Commission and make publicly available its methodology for the formulation of proxy voting policies and voting recommendations to clients that vote shares held on behalf of shareholders and how that methodology ensures that the firm's voting recommendations are in the best economic interest of those shareholders.

''(n) RULES OF CONSTRUCTION.—Registration under and compliance with this section does not constitute a waiver of, or otherwise diminish, any right, privilege, or defense that a registered proxy advisory firm may otherwise have under any provision of State or Federal law, including any rule, regulation, or order thereunder.

''(o) REGULATIONS.—

''(1) NEW PROVISIONS.—Such rules and regulations as are required by this section or are otherwise necessary to carry out this section, including the application form required under subsection (a)—

''(A) shall be issued by the Commission, not later than 180 days after the date of enactment of this section; and

''(B) shall become effective not later than 1 year after the date of enactment of this section.

''(2) REVIEW OF EXISTING REGULATIONS.—Not later than 270 days after the date of enactment of this section, the Commission shall—

''(A) review its existing rules and regulations which affect the operations of proxy advisory firms; and

''(B) amend or revise such rules and regulations in accordance with the purposes of this section, and issue such guidance as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

''(p) APPLICABILITY.—This section, other than subsection (n), which shall apply on the date of enactment of this section, shall apply on the earlier of—

''(1) the date on which regulations are issued in final form under subsection (o)(1); or

''(2) 270 days after the date of enactment of this section.

''(q) BEST ECONOMIC INTEREST DEFINED.—In this section, the term 'best economic interest' means decisions that seek to maximize investment returns over a time horizon consistent with the investment objectives and risk management profile of the fund in which the shareholders are invested.''.

(b) CONFORMING AMENDMENT.—Section 17(a)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78q(a)(1)) is amended by inserting ''proxy advisory firm,'' after ''nationally recognized statistical rating organization,''.

(c) PROXY ADVISORY FIRM DEFINITIONS.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended—

(1) by redesignating the second paragraph (80) (relating to funding portal) as paragraph (81); and

(2) by adding at the end the following:

''(82) PROXY ADVISORY FIRM.—The term 'proxy advisory firm'—

''(A) means any person who is primarily engaged in the business of providing proxy voting advice, research, analysis, ratings, or recommendations to clients, which conduct constitutes a solicitation within the meaning of section 14; and

''(B) does not include any person that is exempt under law or regulation from the requirements otherwise applicable to persons engaged in such a solicitation.

''(83) PERSON ASSOCIATED WITH A PROXY ADVISORY FIRM.—With respect to a proxy advisory firm—

''(A) a person is 'associated' with the proxy advisory firm if the person is—

''(i) a partner, officer, or director of the proxy advisory firm (or any person occupying a similar status or performing similar functions);

''(ii) a person directly or indirectly controlling, controlled by, or under common control with the proxy advisory firm;

''(iii) an employee of the proxy advisory firm; or

''(iv) a person the Commission determines by rule is controlled by the proxy advisory firm; and

''(B) a person is not 'associated' with the proxy advisory firm if the person only performs clerical or ministerial functions with respect to a proxy advisory firm.''.

TITLE VII—LIABILITY FOR CERTAIN FAILURES TO DISCLOSE MATERIAL INFORMATION OR MAKING OF MATERIAL MISSTATEMENTS

SECTION 3701. LIABILITY FOR CERTAIN FAILURES TO DISCLOSE MATERIAL INFORMATION OR MAKING OF MATERIAL MISSTATEMENTS.

Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) is amended by adding at the end the following:

''(l) FALSE OR MISLEADING STATEMENTS.—For purposes of section 18, the failure to disclose material information (such as a proxy voting advice business's methodology, sources of information, or conflicts of interest) or the making of a material misstatement regarding proxy voting advice that makes a recommendation to a security holder as to the security holder's vote, consent, or authorization on a specific matter for which security holder approval is solicited, and that is furnished by a person that markets the person's expertise as a provider of such proxy voting advice separately from other forms of investment advice, and sells such proxy voting advice for a fee, shall be considered to be false or misleading with respect to a material fact.''.

TITLE VIII—DUTIES OF INVESTMENT ADVISORS, ASSET MANAGERS, AND PENSION FUNDS

SEC. 3801. DUTIES OF INVESTMENT ADVISORS, ASSET MANAGERS, AND PENSION FUNDS.

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

''(7) DISCLOSURES BY INSTITUTIONAL INVESTMENT MANAGERS IN CONNECTION WITH PROXY ADVISORY FIRMS.—

''(A) IN GENERAL.—Every institutional investment manager which uses the mails, or any means or instrumentality of interstate commerce in the course of its business as an institutional investment manager, which engages a proxy advisory firm, and which exercises voting power with respect to accounts holding equity securities of a class described in subsection (d)(1) or otherwise becomes or is deemed to become a beneficial owner of any security of a class described in subsection (d)(1) upon the purchase or sale of a security-based swap that the Commission may define by rule, shall file an annual report with the Commission containing—

''(i) an explanation of how the institutional investment manager voted with respect to each shareholder proposal;

''(ii) the percentage of votes cast on shareholder proposals that were consistent with proxy advisory firm recommendations, for each proxy advisory firm retained by the institutional investment manager;

''(iii) an explanation of—

''(I) how the institutional investment manager took into consideration proxy advisory firm recommendations in making voting decisions, including the degree to which the institutional investment manager used those recommendations in making voting decisions;

''(II) how often the institutional investment manager voted consistent with a recommendation made by a proxy advisory firm, expressed as a percentage;

''(III) how such votes are reconciled with the fiduciary duty of the institutional investment manager to vote in the best economic interests of shareholders;

''(IV) how frequently votes were changed when an error occurred or due to new information from issuers; and

''(V) the degree to which investment professionals of the institutional investment manager were involved in proxy voting decisions; and

''(iv) a certification that the voting decisions of the institutional investment manager were based solely on the best economic interest of the shareholders on behalf of whom the institutional investment manager holds shares.

''(B) REQUIREMENTS FOR LARGER INSTITUTIONAL INVESTMENT MANAGERS.—Every institutional investment manager described in subparagraph (A) that has assets under management with an aggregate fair market value on the last trading day in any of the preceding twelve months of at least $100,000,000,000 shall—

''(i) in any materials provided to customers and related to customers voting their shares, clarify that shareholders are not required to vote on every proposal;

''(ii) with respect to each shareholder proposal for which the institutional investment manager votes (other than votes consistent with the recommendation of a board of directors composed of a majority of independent directors) perform an economic analysis before making such vote, to determine that the vote is in the best economic interest of the shareholders on behalf of whom the institutional investment manager holds shares; and

''(iii) include each economic analysis required under clause (ii) in the annual report required under subparagraph (A).

''(C) BEST ECONOMIC INTEREST DEFINED.—In this paragraph, the term 'best economic interest' means decisions that seek to maximize investment returns over a time horizon consistent with the investment objectives and risk management profile of the fund in which shareholders are invested.''.

TITLE IX—PROTECTING AMERICANS' SAVINGS

SEC. 3901. REQUIREMENTS RELATED TO PROXY VOTING.

Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n), as amended by section 3701, is further amended by adding at the end the following:

''(m) PROHIBITION ON ROBOVOTING.—

''(1) IN GENERAL.—The Commission shall issue final rules prohibiting the use of robovoting with respect to votes related to proxy or consent solicitation materials.

''(2) ROBOVOTING DEFINED.—In this subsection, the term 'robovoting' means the practice of automatically voting in a manner consistent with the recommendations of a proxy advisory

firm or pre-populating votes on a proxy advisory firm's electronic voting platform with the proxy advisory firm's recommendations, in either case, without independent review and analysis.

''(n) PROHIBITION ON OUTSOURCING VOTING DECISIONS BY INSTITUTIONAL INVESTORS.—With respect to votes related to proxy or consent solicitation materials, an institutional investor may not outsource voting decisions to any person other than an investment adviser or a broker or dealer that is registered with the Commission and has a fiduciary or best interest duty to the institutional investor.

''(o) NO REQUIREMENT TO VOTE.—No person may be required to cast votes related to proxy or consent solicitation materials.

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

TITLE X—EMPOWERING SHAREHOLDERS

SEC. 3911. PROXY VOTING OF PASSIVELY MANAGED FUNDS.

(a) IN GENERAL.—The Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) is amended by inserting after section 208 (15 U.S.C. 80b–8) the following:

''SEC. 208A. PROXY VOTING OF PASSIVELY MANAGED FUNDS.

''(a) INVESTMENT ADVISER PROXY VOTING.—

''(1) IN GENERAL.—An investment adviser that holds authority to vote a proxy solicited by an issuer pursuant to section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) in connection with any vote of covered securities held by a passively managed fund shall—

''(A) vote in accordance with the instructions of the beneficial owner of a voting security of the passively managed fund;

''(B) vote in accordance with the voting recommendations of such issuer; or

''(C) abstain from voting but make reasonable efforts to be considered present for purposes of establishing a quorum.

''(2) EXCEPTION.—Paragraph (1) shall not apply with respect to a vote on a routine matter.

''(b) SAFE HARBOR.—With respect to a matter that is not a routine matter, in the case of a vote described in subsection (a)(1), an investment adviser shall not be liable to any person under any law or regulation of the United States, any constitution, law, or regulation of any State or political subdivision thereof, or under any contract or other legally enforceable agreement (including any arbitration agreement), for any of the following:

''(1) Voting in accordance with the instructions of the beneficial owner of a voting security of the passively managed fund.

''(2) Not soliciting voting instructing from any person under subsection (a)(1) with respect to such vote.

''(3) Voting in accordance with the voting recommendations of an issuer pursuant to subparagraph (B) of such subsection.

''(4) Abstaining from voting in accordance with subparagraph (C) of such subsection.

''(c) FOREIGN PRIVATE ISSUERS EXEMPTION.—Subsection (a) shall not apply with respect to a foreign private issuer if the voting policy of the investment advisor with respect to such foreign private issuers is fully and fairly disclosed to beneficial owners, including the extent to which such policy differs from the voting policy for non-exempt issuers.

''(d) DEFINITIONS.—In this section:

''(1) COVERED SECURITY.—The term 'covered security'—

''(A) means a voting security, as that term is defined in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)), in which a qualified fund is invested; and

''(B) does not include any voting security (as defined in subparagraph (A)) of an issuer registered with the Commission as an investment company under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a–8).

''(2) PASSIVELY MANAGED FUND.—The term 'passively managed fund' means a qualified fund that—

''(A) is designed to track, or is derived from, an index of securities or a portion of such an index;

''(B) discloses that the qualified fund is a passive index fund; or

''(C) allocates not less than 60 percent of the total assets of the qualified fund to an investment strategy that is designed to track, or is derived from, an index of securities or a portion of such an index fund.

''(3) QUALIFIED FUND.—The term 'qualified fund' means—

''(A) an investment company, as that term is defined in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a–3);

''(B) a private fund;

''(C) an eligible deferred compensation plan, as that term is defined in section 457(b) of the Internal Revenue Code of 1986;

''(D) a trust, plan, account, or other entity described in section 3(c)(11) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(11));

''(E) a plan maintained by an employer described in clause (i), (ii), or (iii) of section 403(b)(1)(A) of the Internal Revenue Code of 1986 to provide annuity contracts described in section 403(b) of such Code;

''(F) a common trust fund, or similar fund, maintained by a bank;

''(G) any fund established under section 8438(b)(1) of title 5, United States Code; or

''(H) any separate managed account of a client of an investment adviser.

''(4) REGISTRANT.—The term 'registrant' means an issuer of covered securities.

''(5) ROUTINE MATTER.—The term 'routine matter'—

''(A) includes a proposal that relates to—

''(i) an election with respect to the board of directors of the registrant;

''(ii) the compensation of management or the board of directors of the registrant;

''(iii) the selection of auditors;

''(iv) a matter where there is a material conflict of interest between or among the issuer, members of management, members of the board of directors, or an affiliate of the issuer;

''(v) declassification; or

''(vi) transactions that would transform the structure of the registrant, including—

''(I) a merger or consolidation; and

''(II) the sale, lease, or exchange of all, or substantially all, of the property and assets of a registrant; and

''(B) does not include—

''(i) a proposal that is not submitted to a holder of covered securities by means of a proxy statement comparable to that described in section 240.14a–101 of title 17, Code of Federal Regulations, or any successor regulation; or

''(ii) a proposal that is—

''(I) the subject of a counter-solicitation; or

''(II) part of a proposal made by a person other than the applicable registrant.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the first August 1 that occurs after the date that is 2 years after the date of enactment of this Act.

TITLE XI—PROTECTING RETAIL INVESTORS' SAVINGS

SEC. 3921. BEST INTEREST BASED ON PECUNIARY FACTORS.

(a) IN GENERAL.—Section 211(g) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–11(g)) is amended by adding at the end the following:

''(3) BEST INTEREST BASED ON PECUNIARY FACTORS.—

''(A) IN GENERAL.—For purposes of paragraph (1), the best interest of a customer shall be determined using pecuniary factors, which may not be subordinated to or limited by non-pecuniary factors, unless the customer provides informed consent, in writing, that such non-pecuniary factors be considered.

''(B) DISCLOSURE OF PECUNIARY FACTORS.—If a customer provides a broker, dealer, or investment adviser with the informed consent to consider non-pecuniary factors described under subparagraph (A), the broker, dealer, or investment adviser shall—

''(i) disclose the expected pecuniary effects to the customer over a time period selected by the customer and not to exceed three years; and

''(ii) at the end of the time period described in clause (i), disclose, by comparison to a reasonably comparable index or basket of securities selected by the customer, the actual pecuniary effects of that time period, including all fees, costs, and other expenses incurred to consider non-pecuniary factors.

''(C) PECUNIARY FACTOR DEFINED.—In this paragraph, the term 'pecuniary factor' means a factor that a fiduciary prudently determines is expected to have a material effect on the risk or return of an investment based on appropriate investment horizons.''.

(b) RULEMAKING.—Not later than the end of the 12-month period beginning on the date of enactment of this Act, the Securities and Exchange Commission shall revise or issue such rules as may be necessary to implement the amendment made by subsection (a).

(c) APPLICABILITY.—The amendment made by subsection (a) shall apply to actions taken by a broker, dealer, or investment adviser beginning on the date that is 12 months after the date of enactment of this Act.

SEC. 3922. STUDY ON CLIMATE CHANGE AND OTHER ENVIRONMENTAL DISCLOSURES IN MUNICIPAL BOND MARKET.

(a) IN GENERAL.—The Securities and Exchange Commission shall—

(1) conduct a study to determine the extent to which issuers of municipal securities (as such term is defined in section 3(a)(29) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(29)) make disclosures to investors regarding climate change and other environmental matters; and

(2) solicit public comment with respect to such study.

(b) CONTENTS.—The study required under subsection (a) shall consider and analyze—

(1) the frequency with which disclosures described in subsection (a)(1) are made;

(2) whether such disclosures made by issuers of municipal securities in connection with offerings of securities align with such disclosures made by issuers of municipal securities in other contexts or to audiences other than investors;

(3) any voluntary or mandatory disclosure standards observed by issuers of municipal securities in the course of making such disclosures;

(4) the degree to which investors consider such disclosures in connection with making an investment decision; and

(5) such other information as the Securities and Exchange Commission determines appropriate.

(c) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Securities and Exchange Commission shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that includes—

(1) the results of the study required under this section;

(2) a detailed discussion of the financial risks to investors from investments in municipal securities;

(3) whether such risks are adequately disclosed to investors; and

(4) recommended regulatory or legislative steps to address any concerns identified in the study.

SEC. 3923. STUDY ON SOLICITATION OF MUNICIPAL SECURITIES BUSINESS.

(a) IN GENERAL.—The Securities and Exchange Commission shall—

(1) conduct a study on the effectiveness of each covered rule in preventing the payment of

funds to elected officials or candidates for elected office in exchange for the receipt of government business in connection with the offer or sale of municipal securities; and

(2) solicit public comment with respect to such study.

(b) CONTENTS.—The study required under subsection (a) shall consider and analyze—

(1) the effectiveness of each covered rule, including whether each covered rule accomplishes the intended effect of such covered rule and has any unintended adverse effects;

(2) the frequency and scope of enforcement actions undertaken pursuant to each covered rule;

(3) the degree to which—

(A) persons subject to each covered rule—

(i) have in effect policies and procedures intended to ensure compliance with each such covered rule; and

(ii) are disadvantaged from participating in the political process generally and in relation to persons who solicit or receive government business or government licenses, permits, and approvals other than in connection with the offer or sale of municipal securities; and

(B) other State and Federal laws and regulations impact the solicitation of municipal securities business; and

(4) such other information as the Securities and Exchange Commission determines appropriate.

(c) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Securities and Exchange Commission shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that includes—

(1) the results of the study required under this section;

(2) an analysis of the extent to which persons affiliated with small businesses, as well as persons affiliated with minority and women opened businesses, have been affected by the covered rules; and

(3) recommended regulatory or legislative steps to address any concerns identified in the study.

(d) DEFINITIONS.—In this section:

(1) COVERED RULE.—The term ''covered rule'' means—

(A) Rule G–38 of the Municipal Securities Rulemaking Board; and

(B) Rule 206(4)–5 (17 CFR 275.206(4)–5).

(2) MUNICIPAL SECURITIES.—The term ''municipal securities'' has the meaning given the term in section 3(a)(29) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(29)).

DIVISION D—AMERICAN FIRST ACT OF 2023

SEC. 4001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the ''American Financial Institution Regulatory Sovereignty and Transparency Act of 2023'' or the ''American FIRST Act of 2023''.

(b) TABLE OF CONTENTS.—The table of contents for this division is as follows:

TITLE I—STOP EXECUTIVE CAPTURE OF BANKING REGULATORS

SEC. 4101. REPORT ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM THE FSOC CHAIRPERSON AND EXECUTIVE ORDERS.

(a) BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.—Section 10 of the Federal Reserve Act (12 U.S.C. 247b), as amended by section 4401(b), is further amended by adding at the end the following:

''(11) REPORT ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM THE FSOC CHAIRPERSON AND EXECUTIVE ORDERS.—The Board of Governors of the Federal Reserve System may not implement a non-binding recommendation made by the Chairperson of the Financial Stability Oversight Council or contained in an Executive Order unless the Board of Governors first provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with—

''(A) notice that the Board of Governors intends to implement such recommendation;

''(B) a report containing the proposed implementation by the Board of Governors and a justification for such implementation; and

''(C) upon request, not later than the end of the 120-day period beginning on the date of the notice under subparagraph (A), testimony on such proposed implementation.''.

(b) OFFICE OF THE COMPTROLLER OF THE CURRENCY.—Section 324 of the Revised Statutes of the United States (12 U.S.C. 1) is amended by adding at the end the following:

''(c) REPORT ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM THE FSOC CHAIRPERSON AND EXECUTIVE ORDERS.—The Comptroller of the Currency may not implement a non-binding recommendation made by the Chairperson of the Financial Stability Oversight Council or contained in an Executive Order unless the Comptroller of the Currency first provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with—

''(1) notice that the Comptroller of the Currency intends to implement such recommendation;

''(2) a report containing the proposed implementation by the Comptroller of the Currency and a justification for such implementation; and

''(3) upon request, not later than the end of the 120-day period beginning on the date of the notice under paragraph (1), testimony on such proposed implementation.''.

(c) FEDERAL DEPOSIT INSURANCE CORPORATION.—Section 2 of the Federal Deposit Insurance Act (12 U.S.C. 1812) is amended by inserting after subsection (f) the following:

''(g) REPORT ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM THE FSOC CHAIRPERSON AND EXECUTIVE ORDERS.—The Board of Directors of the Corporation may not implement a non-binding recommendation made by the Chairperson of the Financial Stability Oversight Council or contained in an Executive Order unless the Board of Directors first provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with—

''(1) notice that the Board of Directors intends to implement such recommendation;

''(2) a report containing the proposed implementation by the Board of Directors and a justification for such implementation; and

''(3) upon request, not later than the end of the 120-day period beginning on the date of the notice under paragraph (1), testimony on such proposed implementation.''.

(d) NATIONAL CREDIT UNION ADMINISTRATION.—Section 102 of the Federal Credit Union Act (12 U.S.C. 1752a) is amended by adding at the end the following:

''(g) REPORT ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM THE FSOC CHAIRPERSON AND EXECUTIVE ORDERS.—The Board may not implement a non-binding recommendation made by the Chairperson of the Financial Stability Oversight Council or contained in an Executive Order unless the Board first provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with—

''(1) notice that the Board intends to implement such recommendation;

''(2) a report containing the proposed implementation by the Board and a justification for such implementation; and

''(3) upon request, not later than the end of the 120-day period beginning on the date of the notice under paragraph (1), testimony on such proposed implementation.''.

(e) FEDERAL HOUSING FINANCE AGENCY.—Section 1311 of the Housing and Community Development Act of 1992 (12 U.S.C. 4511) is amended by adding at the end the following:

''(d) REPORT ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM THE FSOC CHAIRPERSON AND EXECUTIVE ORDERS.—The Director may not implement a non-binding recommendation made by the Chairperson of the Financial Stability Oversight Council or contained in an Executive Order unless the Director first provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with—

''(1) notice that the Director intends to implement such recommendation;

''(2) a report containing the proposed implementation by the Director and a justification for such implementation; and

''(3) upon request, not later than the end of the 120-day period beginning on the date of the notice under paragraph (1), testimony on such proposed implementation.''.

TITLE II—ENSURING U.S. AUTHORITY OVER U.S. BANKING REGULATIONS

SEC. 4201. REQUIREMENTS IN CONNECTION WITH RULEMAKINGS IMPLEMENTING POLICIES OF NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS.

(a) BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.—Section 10 of the Federal Reserve Act (12 U.S.C. 247b), as amended by section 4101(a), is further amended by inserting after paragraph (11) the following:

''(12) REQUIREMENTS IN CONNECTION WITH RULEMAKINGS IMPLEMENTING POLICIES OF NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—

''(A) IN GENERAL.—The Board of Governors of the Federal Reserve System may not propose or finalize a major covered rule unless, not later than 120 days before issuing such a proposed or final rule, the Board of Governors provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with notice, testimony, and a detailed economic analysis with respect to the proposed or final rule, including projections of economic costs, sectoral effects, and effects on the availability of credit, the gross domestic product, and employment.

''(B) MAJOR COVERED RULE DEFINED.—In this paragraph, the term 'major covered rule' means a rule—

''(i) that the Board of Governors determines would have an effect, in the aggregate, on the economy of the United States of $10,000,000,000 or more during the 10-year period beginning on the date the rule takes effect; and

''(ii) that is intended to align or conform with a recommendation from a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central

Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision).''.

(b) OFFICE OF THE COMPTROLLER OF THE CURRENCY.—Section 324 of the Revised Statutes of the United States (12 U.S.C. 1), as amended by section 4101(b), is further amended by adding at the end the following:

''(d) REQUIREMENTS IN CONNECTION WITH RULEMAKINGS IMPLEMENTING POLICIES OF NONGOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—

''(1) IN GENERAL.—The Comptroller of the Currency may not propose or finalize a major covered rule unless, not later than 120 days before issuing such a proposed or final rule, the Comptroller of the Currency provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with notice, testimony, and a detailed economic analysis with respect to the proposed or final rule, including projections of economic costs, sectoral effects, and effects on the availability of credit, the gross domestic product, and employment.

''(2) MAJOR COVERED RULE DEFINED.—In this subsection, the term 'major covered rule' means a rule—

''(A) that the Comptroller of the Currency determines would have an effect, in the aggregate, on the economy of the United States of $10,000,000,000 or more during the 10-year period beginning on the date the rule takes effect; and

''(B) that is intended to align or conform with a recommendation from a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision).''.

(c) FEDERAL DEPOSIT INSURANCE CORPORATION.—Section 2 of the Federal Deposit Insurance Act (12 U.S.C. 1812), as amended by section 4101(c), is further amended by inserting after subsection (g) the following:

''(h) REQUIREMENTS IN CONNECTION WITH RULEMAKINGS IMPLEMENTING POLICIES OF NONGOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—

''(1) IN GENERAL.—The Board of Directors of the Corporation may not propose or finalize a major covered rule unless, not later than 120 days before issuing such a proposed or final rule, the Board of Directors provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with notice, testimony, and a detailed economic analysis with respect to the proposed or final rule, including projections of economic costs, sectoral effects, and effects on the availability of credit, the gross domestic product, and employment.

''(2) MAJOR COVERED RULE DEFINED.—In this subsection, the term 'major covered rule' means a rule—

''(A) that the Board of Directors determines would have an effect, in the aggregate, on the economy of the United States of $10,000,000,000 or more during the 10-year period beginning on the date the rule takes effect; and

''(B) that is intended to align or conform with a recommendation from a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision).''.

(d) NATIONAL CREDIT UNION ADMINISTRATION.—Section 102 of the Federal Credit Union Act (12 U.S.C. 1752a), as amended by section 4101(d), is further amended by adding at the end the following:

''(h) REQUIREMENTS IN CONNECTION WITH RULEMAKINGS IMPLEMENTING POLICIES OF NONGOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—

''(1) IN GENERAL.—The Board may not propose or finalize a major covered rule unless, not later than 120 days before issuing such a proposed or final rule, the Board provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with notice, testimony, and a detailed economic analysis with respect to the proposed or final rule, including projections of economic costs, sectoral effects, and effects on the availability of credit, the gross domestic product, and employment.

''(2) MAJOR COVERED RULE DEFINED.—In this subsection, the term 'major covered rule' means a rule—

''(A) that the Board determines would have an effect, in the aggregate, on the economy of the United States of $10,000,000,000 or more during the 10-year period beginning on the date the rule takes effect; and

''(B) that is intended to align or conform with a recommendation from a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision).''.

(e) FEDERAL HOUSING FINANCE AGENCY.—Section 1311 of the Housing and Community Development Act of 1992 (12 U.S.C. 4511), as amended by section 4101(e), is further amended by adding at the end the following:

''(e) REQUIREMENTS IN CONNECTION WITH RULEMAKINGS IMPLEMENTING POLICIES OF NONGOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—

''(1) IN GENERAL.—The Director may not propose or finalize a major covered rule unless, not later than 120 days before issuing such a proposed or final rule, the Director provides the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with notice, testimony, and a detailed economic analysis with respect to the proposed or final rule, including projections of economic costs, sectoral effects, and effects on the availability of credit, the gross domestic product, and employment.

''(2) MAJOR COVERED RULE DEFINED.—In this subsection, the term 'major covered rule' means a rule—

''(A) that the Director determines would have an effect, in the aggregate, on the economy of the United States of $10,000,000,000 or more during the 10-year period beginning on the date the rule takes effect; and

''(B) that is intended to align or conform with a recommendation from a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision).''.

SEC. 4202. REPORT ON CERTAIN CLIMATE-RELATED INTERACTIONS WITH COVERED INTERNATIONAL ORGANIZATIONS.

(a) IN GENERAL.—A Federal banking regulator may not meet with or otherwise engage with a covered international organization on the topic of climate-related financial risk during a calendar year unless the Federal banking regulator has issued 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 containing, for the previous calendar year—

(1) a complete description of the activities of the covered international organization in which the Federal banking regulator participates (including any task force, committee, or other organizational unit thereof); and

(2) a detailed accounting of the governmental and non-governmental funding sources of the covered international organization (including any task force, committee, or other organizational unit thereof).

(b) DEFINITIONS.—In this section:

(1) COVERED INTERNATIONAL ORGANIZATION.—The term ''covered international organization'' means the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision.

(2) FEDERAL BANKING REGULATOR.—The term ''Federal banking regulator'' means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the National Credit Union Administration, and the Office of the Comptroller of the Currency.

TITLE III—BANKING REGULATOR INTERNATIONAL REPORTING

SEC. 4301. REPORTING ON INTERACTIONS WITH NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS.

(a) BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.—Section 10 of the Federal Reserve Act (12 U.S.C. 247b), as amended by section 4201(a), is further amended by inserting after paragraph (12) the following:

''(13) REPORTING ON INTERACTIONS WITH NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—With respect to interactions between the Board of Governors of the Federal Reserve System and a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision), the Board of Governors shall—

''(A) keep a complete record of all such interactions, including minutes of all meetings and any recommendations made during such interaction for international standardization with respect to open-market policies and operations, discount lending and operations (including collateral policies), or supervisory policies and operations; and

''(B) issue an annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

''(i) all of the information recorded pursuant to subparagraph (A) with respect to the previous year; and

''(ii) with respect to each non-governmental international organization with which the Board of Governors had an interaction in the previous year, a description of the funding sources of the non-governmental international organization.''.

(b) OFFICE OF THE COMPTROLLER OF THE CURRENCY.—Section 324 of the Revised Statutes of the United States (12 U.S.C. 1), as amended by section 4201(b), is further amended by adding at the end the following:

''(e) REPORTING ON INTERACTIONS WITH NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—With respect to interactions between the Office of the Comptroller of the Currency and a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision), the Comptroller of the Currency shall—

''(1) keep a complete record of all such interactions, including minutes of all meetings and any recommendations made during such interaction for international standardization with respect to discount lending and operations (including collateral policies) or supervisory policies and operations; and

''(2) issue an annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

''(A) all of the information recorded pursuant to paragraph (1) with respect to the previous year; and

''(B) with respect to each non-governmental international organization with which the Office of the Comptroller of the Currency had an interaction in the previous year, a description of the funding sources of the non-governmental international organization.''.

(c) FEDERAL DEPOSIT INSURANCE CORPORATION.—Section 2 of the Federal Deposit Insurance Act (12 U.S.C. 1812), as amended by section 4201(c), is further amended is amended by inserting after subsection (h) the following:

''(i) REPORTING ON INTERACTIONS WITH NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—With respect to interactions between the Federal Deposit Insurance Corporation and a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision), the Board of Directors of the Corporation shall—

''(1) keep a complete record of all such interactions, including minutes of all meetings and any recommendations made during such interaction for international standardization with respect to discount lending and operations (including collateral policies) or supervisory policies and operations; and

''(2) issue an annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

''(A) all of the information recorded pursuant to paragraph (1) with respect to the previous year; and

''(B) with respect to each non-governmental international organization with which the Corporation had an interaction in the previous year, a description of the funding sources of the non-governmental international organization.''.

(d) NATIONAL CREDIT UNION ADMINISTRATION.—Section 102 of the Federal Credit Union Act (12 U.S.C. 1752a), as amended by section 4201(d), is further amended by adding at the end the following:

''(i) REPORTING ON INTERACTIONS WITH NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—With respect to interactions between the Administration and a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision), the Board shall—

''(1) keep a complete record of all such interactions, including minutes of all meetings and any recommendations made during such interaction for international standardization with respect to discount lending and operations (including collateral policies) or supervisory policies and operations; and

''(2) issue an annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

''(A) all of the information recorded pursuant to paragraph (1) with respect to the previous year; and

''(B) with respect to each non-governmental international organization with which the Administration had an interaction in the previous year, a description of the funding sources of the non-governmental international organization.''.

(e) FEDERAL HOUSING FINANCE AGENCY.—Section 1311 of the Housing and Community Development Act of 1992 (12 U.S.C. 4511), as amended by section 4201(e), is further amended by adding at the end the following:

''(f) REPORTING ON INTERACTIONS WITH NON-GOVERNMENTAL INTERNATIONAL ORGANIZATIONS.—With respect to interactions between the Federal Housing Finance Agency and a non-governmental international organization (including the Financial Stability Board, the Bank for International Settlements, the Network of Central Banks and Supervisors for Greening the Financial System, and the Basel Committee on Banking Supervision), the Director shall—

''(1) keep a complete record of all such interactions, including minutes of all meetings and any recommendations made during such interaction for international standardization with respect to discount lending and operations (including collateral policies) or supervisory policies and operations; and

''(2) issue an annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing—

''(A) all of the information recorded pursuant to paragraph (1) with respect to the previous year; and

''(B) with respect to each non-governmental international organization with which the Federal Housing Finance Agency had an interaction in the previous year, a description of the funding sources of the non-governmental international organization.''.

TITLE IV—SUPERVISION REFORM

SEC. 4401. REMOVAL OF THE VICE CHAIRMAN FOR SUPERVISION DESIGNATION.

(a) IN GENERAL.—The second undesignated paragraph of section 10 of the Federal Reserve Act (12 U.S.C. 242) (relating to the Chairman and Vice Chairman of the Board) is amended by striking ''and 2 shall be designated by the President, by and with the advice and consent of the Senate, to serve as Vice Chairmen of the Board, each for a term of 4 years, 1 of whom shall serve in the absence of the Chairman, as provided in the fourth undesignated paragraph of this section, and 1 of whom shall be designated Vice Chairman for Supervision. The Vice Chairman for Supervision shall develop policy recommendations for the Board regarding supervision and regulation of depository institution holding companies and other financial firms supervised by the Board, and shall oversee the supervision and regulation of such firms.'' and inserting ''and 1 shall be designated by the President, by and with the consent of the Senate, to serve as Vice Chairman of the Board for a term of 4 years.''.

(b) CONFORMING AMENDMENT.—Section 10 of the Federal Reserve Act (12 U.S.C. 241 et seq.) is amended by striking paragraph (12).

DIVISION E—LIMITATION ON SEC RESERVE FUND

SEC. 5001. LIMITATION.

During fiscal years 2026 and 2027, registration fees collected by the Securities and Exchange Commission shall not be deposited in the Securities and Exchange Commission Reserve Fund.

The SPEAKER pro tempore. The bill, as amended, shall be debatable for 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services or their respective designees.

The gentleman from Michigan (Mr. HUIZENGA) and the gentlewoman from California (Ms. WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from Michigan (Mr. HUIZENGA).

GENERAL LEAVE

Mr. HUIZENGA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HUIZENGA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today, we have an opportunity to put a stake in the ground and ensure our financial system remains the envy of the world by passing H.R. 4790, the Prioritizing Economic Growth Over Woke Policies Act.

Under the Biden-Harris administration, agencies that have traditionally been viewed as independent have been hijacked to push through a partisan environmental, social, and governance, or ESG, agenda.

Politically motivated, unelected bureaucrats are forcing these leftwing political priorities—which, by the way, Mr. Speaker, Democrats were unable to pass into law even when they had unified control of Congress—on the American people through financial regulation.

In other words, rogue Democrat-appointed regulators are forcing companies to waste limited time and resources on ESG political mandates that have little or nothing to do with a firm's financial performance.

These misguided ESG efforts don't benefit our banking system or our capital markets. They certainly don't help consumers, workers, job creators, everyday investors, or retirement savers.

That is why House Republicans are fighting back with the Prioritizing Economic Growth Over Woke Policies Act. This bill is critical to combat the risks woke ESG initiatives pose to the American people and our financial system. It is a combination of four packages consisting of 20 different bills from the Committee on Financial Services, including my GUARDRAIL Act, Congressman STEIL's Protecting Americans' Retirement Savings from Politics Act, Congressman NORMAN's Businesses Over Activists Act, and Congressman LOUDERMILK's American FIRST Act.

I applaud my colleagues for their work and appreciate their partnership. I also commend Chairman MCHENRY for his steadfast leadership to ensure protecting Americans and our financial system from out-of-bounds ESG mandates is a key priority for Republicans on the Committee on Financial Services.

I want to underscore, Mr. Speaker, why H.R. 4790 is so desperately needed. Under the Biden-Harris administration, rogue regulators are weaponizing independent agencies to pursue the objective of the political far left at the expense of our financial system and, more importantly, everyday investors.

SEC Chair Gensler and progressive Democrats are abusing our securities laws, overstepping their statutory authority, and redefining the long-accepted ''materiality standard'' to accommodate the demands of radical climate and social activists.

The materiality standard, which has been a pillar of American securities laws for decades, requires public companies to disclose information that has substantial likelihood to influence the financial judgments of a reasonable investor. Those are the standards that have been accepted, I believe, since 1976.

House Democrats have proposed legislation to require public companies to disclose nonmaterial information, including all information related to climate impact and emissions, human capital, and ''equity,'' whatever that might be, none of which have a substantial impact on a given firm's financial performance. None of these proposals were enacted into law.

More recently, Chair Gensler's rogue SEC has overstepped its authority by pursuing rulemakings to mandate similar nonmaterial disclosures. This includes finalizing the disastrous climate disclosure rule earlier this year.

Let me be clear: If this information is material to a business' financial performance and therefore affects the everyday investor, it is already required to be disclosed under the materiality standard.

That is where my GUARDRAIL Act, a key pillar of this legislation we are considering today, comes in. It protects U.S. capital markets and the financial interests of everyday investors by rejecting this new, prescriptive, and expansive notion of materiality by reining in SEC overreach.

Specifically, the bill prevents rogue regulators from mandating the disclosure of nonmaterial ESG information that would overwhelm, not inform, everyday investors, also known as reasonable investors.

At the same time, H.R. 4790 holds large asset managers and the proxy advisory duopoly of ISS and Glass Lewis accountable. These firms are abusing their outsized market influence to force leftwing political views on public companies, rather than aligning their shareholder voting with the financial interests of investors and economic goals.

The Prioritizing Economic Growth Over Woke Policies Act returns power to everyday investors and retirement savers from these unaccountable third parties. Additionally, the bill would require the SEC's shareholder proposal process to stop progressive activists from hijacking the proxy process to inject woke ESG initiatives into corporate boardrooms.

Now, Mr. Speaker, it actually would stop all left, right, or center activists' proposals from being introduced. That is a good thing for everyone. This will allow executives and directors to focus on creating shareholder value—by the way, their legal responsibility—and benefiting retirement savers and bolstering economic growth.

Finally, this bill would stop the alliance of leftwing activists, unaccountable global governance organizations, and politicized Biden-Harris regulators from weaponizing the U.S. banking regulatory framework to inject radical ESG initiatives to the detriment of consumers and American competitiveness.

With the Prioritizing Economic Growth Over Woke Policies Act, House Republicans are taking action to protect the financial system, workers, job creators, and everyday investors from radical ESG initiatives that put leftwing political goals above American prosperity.

Mr. Speaker, I urge my colleagues to support H.R. 4790, and I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we are on the brink of yet another government shutdown brought to you by MAGA Republicans. I have lost track of how many times this has happened in this Congress. Frankly, I and the rest of America are just tired. We are exhausted.

There are real consequences when the government shuts down. It harms our national security. It harms our economy. It harms servicemembers, veterans, retirees, and vulnerable communities.

Instead of working to prevent a shutdown, we are debating a bill that seeks to divide America with fake culture wars that are really about denying the real dangers posed by climate change and denying the fact that our country's rich diversity is one of our greatest resources.

This bill, H.R. 4790, which I am calling the promoting MAGA priorities over economic growth act, is straight out of the Republicans Project 2025 playbook. It would restrict voting rights for investors, ban information that MAGA Republicans don't agree with, and block the government agency responsible for protecting our capital markets, the Securities and Exchange Commission, from directing public companies to report critical information that impacts their bottom line, including climate risk, company diversity, and employee welfare.

This bill flies in the face of the 80 percent of investors who want companies to disclose these metrics, known as environmental, social, and governance, or ESG, policies. Companies that prioritize these metrics perform better financially than their peers that do not.

Many studies have shown that companies that embrace the diversity of the United States outperform those that do not. Indeed, companies with the highest percentages of women board directors outperformed those the least by 53 percent when it comes to shareholder returns.

If we think about it, this is just common sense. When a company includes the views and perspectives that reflect the diversity of America, all of America is likely to see the value of that company.

When I was chairwoman of the committee, I created the first of its kind Subcommittee on Diversity and Inclusion. We received countless hours of testimony from researchers who confirmed that embracing diversity and inclusion is not just the right thing to do but is also good for the bottom line. It is good management.

Let me go through in more detail what this bill does.

First, H.R. 4790 strips American investors of their legal right to vote on and offer proposals that can influence the direction of the companies they own, particularly those related to ESG policies. The bill does this by giving management, rather than the SEC, the final say on whether a proposal gets included on the ballot at a company's annual shareholder meeting.

□ 1345

The effect of this bill would deprive investors of what is today, right now, a legal right to have proposals of any kind included.

There is a long history of shareholders pushing America's corporations to adopt practices that most of us take for granted today. This includes majority-independent boards, say-on-pay executive compensation, and annual director elections.

Today, investors are pushing companies to report ESG metrics, board diversity, and how workers are treated. Being able to offer, and then vote on these proposals, is a legal right of investors under current law. That is right. Shareholders are the legal owners of the companies they invest in and corporate executives work at their pleasure.

Mr. Speaker, it seems that my colleagues on the other side of the aisle, who are so concerned about socialism, might need a refresher about how capitalism really works.

Second, H.R. 4790 undermines another critical component of our equity markets. The bill limits independent analysis and research by impeding key providers that investors use known as proxy advisers.

Proxy advisers are neutral third parties that provide shareholders and their representatives with independent analysis about items that are up for a vote on the corporate ballot. Proxy advisers also solve an important problem by doing the research on thousands of corporate votes that investors would otherwise have to do themselves. Management simply does not want ordinary investors to have this information as it may not align with their recommendations.

To be clear, investors pay for these services and do so because they don't just want to take management's word, and they shouldn't. By restricting what analysis and research ordinary investors can purchase and use, H.R. 4790 is effectively another MAGA book ban.

Third, H.R. 4790 severely limits the SEC's authority to direct companies to report data about their climate risks, diversity hiring, and employee welfare.

Instead of allowing the SEC to determine what information investors should see, as is currently settled law, under this bill, companies themselves would make this determination.

It shouldn't surprise anyone that a company's management is not inclined to share more than it has to, and if it gets too close, one can imagine that companies wouldn't share much of anything.

Congress authorized the SEC to be the arbiter of what is disclosed because our markets only work when investors—investors—have sufficient information to make informed investment decisions.

Finally, H.R. 4790 undermines the government's ability to coordinate with international partners and take commonsense steps to address financial risks like those posed by climate change. In fact, if the Federal Reserve hears from a European counterpart that requiring companies to guard against wildfire risk is important, the Fed would have to jump through several new hurdles before it could implement it, even in an emergency.

This extreme measure would even make it harder for our bank regulators to encourage banks to expand small business lending, an issue I tried to fix through an amendment but was blocked.

To be clear, this bill doesn't just have one or two poison pills in it. When each bill was separately considered in committee, not a single Democratic member voted for them.

H.R. 4790 strips the right of investors to vote and offer their own proposals to strengthen the companies they own, strips their access to independent research and analysis about the companies they own, and strips the government regulator of its authority to compel those companies to provide the market with critical information.

Is this America?

Mr. Speaker, I reserve the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I will just note that, yes, it is America, and I will note that the ranking member voted against a continuing resolution just yesterday to keep government open. However, I am sure, Mr. Speaker, that she will have another opportunity very, very soon.

Mr. Speaker, I yield 5 minutes to the gentleman from Georgia (Mr. LOUDERMILK).

Mr. LOUDERMILK. Mr. Speaker, I rise in strong support of H.R. 4790, the Prioritizing Economic Growth Over Woke Policies Act. Not only is this bill important to restoring sound financial practices within the financial services sector, it includes two provisions that originated from legislation I introduced in this Congress. The most significant is my bill, H.R. 4823, the American Financial Institution Regulatory Sovereignty and Transparency Act of 2023, better known as the American FIRST Act.

The short title is an apt description of the bill's aim: to put American interests first in bank supervision and remove misguided political influence from our banking system. The American FIRST Act has three important key elements:

First, it removes undue political influence from banking regulations. In recent years, Mr. Speaker, we have seen bank policy used by regulators to further their political interests, not for what is best for banks or their customers. Bank regulators have proposed sweeping supervisory changes without critically evaluating the models they use to forecast climate-related financial risk. When nonbinding FSOC proposals are written into binding regulation, they deserve a high degree of scrutiny from lawmakers.

The truth is that the banking system shouldn't be a race to fill supervisory roles with partisan loyalists. It should be about safeguarding the financial system with a sober eye for objectivity.

Hastily pushing through regulations without a thorough economic analysis can have significant unintended consequences, especially on the average consumer.

According to the U.S. Chamber of Commerce, aggressive climate regulations like those proposed by FSOC could have catastrophic effects on our energy sector. Small businesses and families in energy-producing States could face higher energy costs and reduced credit access.

My provisions in this bill will ensure that any regulatory action proposed by FSOC, or the executive branch undergoes a full review process so that the public better understands the tradeoffs that they are making.

My colleagues across the aisle call these reporting requirements hoops that regulators will be forced to jump through, but in reality, they are arguing against increased transparency and good governance in banking regulation.

Second, it ensures that bank regulators fall under U.S. authority. Bank supervisors at the Federal Reserve, FDIC, OCC, and others have consistently put the interest of large foreign banks ahead of our own. These policies aren't just abstract. They have significant implications for the stability of our financial system and for American competitiveness abroad.

For example, on May 22, 2022, the Basel Committee on Banking Supervision, a European-based, international organization, lowered transnational footprint standards for the largest European banks, which disadvantaged U.S. banks of the same size. Federal Reserve officials actually endorsed the changes, which put American banks and their borrowers at a significant disadvantage.

My bill addresses this problem by requiring U.S. financial regulators to periodically report on how they engage with their foreign counterparts. It also requires them to conduct a robust analysis before implementing any rule to conform with the recommendations of an international body. Specifically, it mandates that they conduct a thorough economic analysis, projecting the effects on credit markets, employment, and the broader economy before implementing any rules originating from a foreign nongovernment organization.

Third, it depoliticizes Federal Reserve supervision. The American FIRST Act calls for the elimination of the vice chairman for supervision at the Federal Reserve. This role was intended to centralize supervisory power within the Fed, but it has added another layer of complexity. Last year we experienced a significant banking crisis on the Fed's watch, which is hardly evidence that the system is more stable with another powerful bureaucrat in the mix. At worst, the position has unnecessarily politicized bank supervision allowing unchecked partisan bureaucrats to channel credit away from politically disfavored sectors.

Finally, I would also like to highlight another provision in this bill, previously introduced as H.R. 4649. This provision would require transparency from America's largest asset managers when voting the shares entrusted to them.

These large firms have historically relied on external proxy advisory firms to guide how they vote the shares they manage for other investors. Some of these proxy firms are actually foreign owned and managed entities which do not have the soundness of the U.S. economy as their primary interest.

This bill would require these large firms to disclose how often they vote in line with proxy advisory firms and to ensure that their votes are in the best interests of their shareholders.

Once again, Mr. Speaker, I urge my colleagues to vote for transparency and good governance and vote ''yes'' on H.R. 4790.

Ms. WATERS. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. VARGAS), who is a member of the Committee on Financial Services and the co-chair of the Congressional Sustainable Investment Caucus.

Mr. VARGAS. Mr. Speaker, I thank the ranking member for yielding.

Mr. Speaker, I rise in opposition to this bill.

As co-chairman of the Congressional Sustainable Investment Caucus, I am glad to join Ranking Member WATERS and other colleagues here to talk about protecting the freedom to invest.

Americans want their pensions and retirement savings to be invested responsibly.

Additionally, recent studies have shown that 80 percent of investors want to invest in companies that consider climate risks, diversity hiring, and employee welfare.

That is because investors understand that these factors have huge implications for the value of their investments and depend on disclosures to make informed choices.

Corporations are spending up to $500,000 a year to evaluate their sustainable business practices because investors are asking for this information. Many of these investors manage pensions and retirement savings for teachers, firefighters, police officers, and other hardworking Americans.

However, House leadership is bringing legislation to the floor that limits access to the very information that investors want.

I submitted an amendment that would have protected the right of investors to access these disclosures. Unfortunately, this amendment and others intended to increase transparency were rejected.

Mr. Speaker, the bill we are voting on today would make it more difficult for investors to maximize the returns on your retirement savings.

Why?

It is because House leadership is trying to make it more difficult to consider risk factors that they simply don't like.

According to a 2023 Statehouse Report, retirees' pension funds stand to lose billions of dollars due to Republican bills attacking sustainable and profitable investment practices.

Mr. Speaker, if you really believe in the free market and capitalism, then you need to give investors the freedom to make their own decisions.

We need to grow pension and retirement savings, not force them into shortsighted, riskier investments.

I know that giving responsible investors more information is a good thing. It is not a bad thing.

Evidence shows that bills targeting sustainable business practices directly harm taxpayers, investors, and hardworking Americans' retirement funds.

We should be giving investors the information they need to continue growing pensions and retirement funds. This bill would do the opposite.

Mr. Speaker, what was interesting in the introduction and the comments so far is they haven't talked about the markets. They were saying that we were going to be in a recession. In fact, just the opposite has happened.

In fact, Chairman Gensler and this administration have done such a good job that we saw the Dow Jones shoot past 40,000 points and now over 42,000 points.

Why?

It is because they are doing a good job. It is because they are giving the information to the investors that the investors want, and they are making good decisions.

However, they, again, want to burn the books when it comes to information.

Is this America?

Mr. Speaker, I rise in opposition, and I thank the leader, again, for yielding me time.

□ 1400

Mr. HUIZENGA. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin (Mr. STEIL) to speak on his work on protecting Americans' retirement savings from politics.

Mr. STEIL. Mr. Speaker, I rise in support of this bill, which will protect retirement savings from political interference by activists and their proxy adviser allies.

Mr. Speaker, I thank the chairman for including my legislation in this comprehensive package. My bill, the Protecting Americans' Retirement Savings from Politics Act, reins in proxy advisers and puts a stop to the political takeover of retirement investments.

Names like ISS and Glass Lewis may not make the headlines every day, but these two firms constitute a powerful proxy adviser duopoly. They are fueling a movement to weaponize Americans' retirement funds to push their political agenda. This hurts workers, our economy, and the returns on Americans' hard-earned retirement savings.

Under Chairman Gensler, the Biden SEC gutted safeguards that were meant to provide proxy advisers with accountability and transparency. The SEC has also given a green light to activists to inject politics into the boardroom by changing the rules and empowering unaccountable SEC staff. This has predictably led to a huge spike in politically motivated shareholder proposals.

ISS and Glass Lewis control 97 percent of the proxy adviser market, advising virtually all professional investors. ISS offers companies consulting services to address the same activist proposals they make recommendations on, which is an obvious conflict of interest.

My bill prevents this conflict and enforces the disclosure of other potential conflicts of interest.

On top of that, the proxy adviser firms don't bear any costs or responsibility or accountability for their misguided recommendations. Some of these proposals clearly harm shareholders' value. In some cases, they have even directed companies to do things that are against the law.

Hardworking Americans saving for retirement shouldn't bear these costs. Many, I think, would be shocked to learn that their investments aren't always being maximized to provide a secure retirement. Instead, they are being hijacked for political impact.

Congress needs to rein that in and prevent that abuse. My bill addresses this in several key ways.

First, it reforms the proxy process to reduce the number of duplicative, repetitive, and politically motivated shareholder proposals. Second, it establishes a registration process for proxy advisory firms, requiring them to disclose their conflicts of interest and methodologies, and restricting their ability to offer consulting services.

It also reimposes liability on proxy advisers for getting things wrong. It ends robovoting, the process that autofills proxy advisers' recommendations. This practice can magnify proxy advisers' errors and biases.

Third, the bill places requirements on institutional investors to ensure they are voting with Americans' best economic interests in mind. They can't just outsource judgment to conflicted proxy advisers. Retirement security is far too important.

The Protecting Americans' Retirement Savings from Politics Act is an essential part of this comprehensive and commonsense legislation. We need to step up to empower investors, restore transparency and accountability, and enhance competition.

Mr. Speaker, I urge my colleagues to support this legislation.

Ms. WATERS. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. SHERMAN), who is also the ranking member of the Subcommittee on Capital Markets.

Mr. SHERMAN. Mr. Speaker, our capital markets and our capitalist system are the envy of the world.

How does that system work? Investors decide how to allocate capital, not the government. Investors control the corporation through voting, not the corporate insiders, not the board, and not the executives.

This bill is designed, with a Marxist tint in mind perhaps, to blind and cripple the capitalists of America, the shareholders, the investors.

Let's say an investor agrees with Republicans on how to allocate their money. That is fine, but some investors may care about the environment, or they may just believe that investing in low carbon is more profitable and investing in resilient companies is more profitable.

This bill blinds them. It says: You are just the investor, and the government has decided what criteria you are going to use, and we are going to blind you and not give you the information to make a decision based on carbon footprint. You don't decide. The government decides.

There is more for the Marxists here in this room. Not only does this deprive capitalists of the right to allocate capital, but it specifically helps the Chinese Communist Party because American corporations are going to have to decide, in many cases, do they sell their artificial intelligence secrets to the highest bidder in Shanghai? If the corporation wants to, its shareholders now can come forward and say: No, we care about America. We are patriots. Do not sell.

Under this bill, the shareholders cannot stop their company from selling AI to the Chinese Communist Party.

There is a lot here, not only for Marxists in general, but for the Chinese Communist Party in particular. They achieve that by blinding investors, by not giving them information, and crippling investors' ability to control their corporations.

It has obviously come to a low point here in Washington that you need a member of the Progressive Caucus to defend capitalism from the Republican Party, but I believe in a system in which investors have the information they want and get to vote on how the corporation behaves.

Instead, we will see. Investors can only make decisions based on the information that the Republican Party is willing to let them have, and investors can't stop their corporations from selling out our technology knowing that the insiders, the corporate board and

the executives, might have a giant payday, a huge bonus, a huge run-up in money, and they might sell our artificial intelligence secrets to Beijing, and the investors are blocked by this bill.

Marx would vote ''yes.'' I am voting ''no.''

Mr. HUIZENGA. Mr. Speaker, I will note that, for some, the louder and longer they say something, they hope people will believe it.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Missouri (Mrs. WAGNER), the chairwoman of the Subcommittee on Capital Markets.

Mrs. WAGNER. Mr. Speaker, I thank the chairman and congratulate him on this compilation of 20 fantastic bills that were favorably reported out of Financial Services.

Mr. Speaker, I rise today in support of this package, which includes a bill of mine, H.R. 4662, the Corporate Governance Examination Act.

Too often, politically or socially motivated shareholders' proposals cause investors to shoulder increased and unnecessary costs. My legislation will examine whether the proposal process has become unnecessarily politicized and help ensure these proposals don't deter future investors or endanger current investors.

This important legislation would require the SEC to conduct comprehensive studies on shareholders' proposals, proxy advisory firms, and proxy process.

These studies will address key problems in politically and socially motivated proposals, such as financial incentives and obligations of involved parties, the impact on long-term retail investors, the influence of proxy advisory firms, and the costs incurred by companies in response to shareholders' proposals.

These studies will provide data-driven insights to enhance shareholders' value and promote transparent corporate governance practices.

I thank the Members who have bills in this package today for their incredible work toward upholding our capitalist society and urge my colleagues to support this package.

Ms. WATERS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. GREEN), who is the ranking member of the Subcommittee on Oversight and Investigations.

Mr. GREEN of Texas. Mr. Speaker, I thank the gentlewoman for yielding.

Still I rise, and I rise today in strong opposition to this legislation. On the subject of climate change, acknowledging the dangers posed by climate change benefits corporate America, as climate change is a threat to our financial system, as well as the global economy.

If insurance companies and their investors do not account for climate risk, they will either have to go bankrupt or exit certain markets, exacerbating the recent trend wherein some of the largest insurance companies are choosing to withdraw coverage from certain States.

Further, a 2023 study conducted by asset manager Nuveen found that more than 73 percent of U.S. investors said they were more likely to invest in a company that communicates its plans for effectively managing ESG-related risk.

Now on the question of diversity. When it comes to diversity, diversity is a benefit, not a detriment. Diversity benefits corporate shareholders by improving a company's performance.

A 2023 McKinsey report found that companies in the top 25 percent for both gender and ethnic diversity in their executive teams are, on average, 9 percent more likely to outperform their peers.

On the other hand, McKinsey found that companies in the bottom 25 percent for both gender and ethnic diversity are 66 percent less likely to outperform their peers.

In truth, this isn't about minorities and women not being qualified. In truth, it is about the fact that they are minorities and women in a society that has historically discriminated against them. Minorities and women are good for business.

Mr. HUIZENGA. Mr. Speaker, I note that this bill is absolutely neutral on climate change and doesn't even reference it.

Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky (Mr. BARR), who is the chairman of the Subcommittee on Financial Institutions and Monetary Policy.

Mr. BARR. Mr. Speaker, I rise in support of the Prioritizing Economic Growth Over Woke Policies Act, sponsored by the gentleman from Michigan (Mr. HUIZENGA), my good friend.

This important act includes two of my bills, the Protecting Retail Investors' Savings Act and the Banking Regulator International Reporting Act, to protect capitalism from the politicization of capital allocation and to curtail the Biden-Harris regulators' efforts to circumvent Congress and use regulation to force leftist climate policies down the throats of the American people.

In recent years, we have witnessed an alarming rise in asset managers favoring green and politically favored investments that deliver lower returns.

According to data from Morningstar last year, sustainable U.S. equity funds underperformed the broader S&P 500 Index by 5 percentage points. In 2022, the average sustainable ESG fund was down 19½ percent.

This stands to reason because ESG funds are, by design, less diversified. Studies show that fees for ESG funds average as much as 43 percent higher than non-ESG funds, further eroding investor returns. Too often, retail investors unwittingly sacrificed financial returns to advance the ESG movement.

It is time to stand up for American investors against the fraud of ESG. My bill would require investment advisers to prioritize financial performance over these nonpecuniary and political factors.

Additionally, the Federal banking agencies, in coordination with the Biden-Harris administration, are working with global governance bodies outside of our country and climate activists to put climate policies into supervision of U.S. financial institutions under the guise of concerns about safety, soundness, and stability.

When Congress questions their motives and actions, they claim they are just abiding by international standards in secret board meetings abroad. Congress and the American people deserve transparency and robust information on these meetings between U.S. regulators and foreign global governance groups, some of which include officials from our adversaries.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HUIZENGA. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Kentucky.

Mr. BARR. Mr. Speaker, regulators' independence is being severely threatened, as they are being politicized to achieve the dreams of the Green New Deal. For the safety of our economy and for the retirement security of our constituents, we must pass this legislation to end the politicization of capital allocation, not to harm capitalism, but to depoliticize capitalism, to take the government out of capitalism.

Mr. Speaker, that is why I urge my colleagues to support the passage of this legislation.

□ 1415

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio (Mrs. BEATTY), who is also the ranking member of the Subcommittee on National Security, Illicit Finance, and International Financial Institutions.

Mrs. BEATTY. Mr. Speaker, I rise today in strong opposition to H.R. 4790, a package of partisan, harmful financial services bills that would harm American investors and consumers.

Study after study has proven that diversity and racial equity in the workplace significantly improve company performance, leading to greater profits and enhanced levels of innovation. Failing to address these issues at a firm directly affects stock value and investment risk.

Therefore, investors should unquestionably have this data about the companies they are investing in. Shareholders ought to have a meaningful opportunity to bring these issues to the attention of management through the shareholder proposal and proxy statement process.

The bottom line is, diversity matters, diversity disclosures matter, and investors have the right to access the information they need to make informed investment decisions based on their own judgment of which factors indicate long-term value.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Ms. WATERS. Mr. Speaker, I yield an additional 30 seconds to the gentlewoman from Ohio.

Mrs. BEATTY. Mr. Speaker, dismissing certain disclosures as nonmaterial or irrelevant takes that decision out of the hands of the investor and impedes the asset managers' ability to mitigate risks to clients.

Lastly, instead of empowering investors and consumers, this majority has prioritized dismantling diversity and inclusion programs and a full-scale war on environmental, social, and governance policies that investors themselves are demanding.

Mr. Speaker, I implore my colleagues to oppose this bill.

Mr. HUIZENGA. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin (Mr. FITZGERALD), who has been putting a lot of effort into this.

Mr. FITZGERALD. Mr. Speaker, I rise today in support of H.R. 4790.

This bill is an important step toward ensuring the information required to be disclosed to the Securities and Exchange Commission by issuers be material to voting or investment decisions. It also contains several other measures to push back on activist ESG shareholder proposals.

While shareholder engagement remains an important aspect of corporate governance, the consideration of shareholder proposals that deviate from the company's strategic direction or long-term goals has transformed boardrooms into partisan platforms.

Although the number of shareholder proposals is increasing, support is declining across the board. A 2009 study noted that costs directly incurred by companies due to such proposals were estimated to be about $87,000 per proposal, totaling $90 million annually.

The Performance over Politics Act, which is included in this package, would allow issuers to defer the resubmission of shareholder proposals for 3 years if those proposals are similar in nature.

These thresholds would respect the decisions of the majority of shareholders.

Ms. WATERS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. CASTEN), who is a member of the Financial Services Committee and the co-chair of the Congressional Sustainable Investment Caucus.

Mr. CASTEN. Mr. Speaker, I rise today as a former CEO who would have personally benefited from this legislation. I rise in strong, dare I say, vehement, opposition to this legislation.

Let me be very clear. The job of a CEO, especially in capital-intensive businesses like the one I used to run, is to be a prudent and responsible steward of other people's capital.

I should also be candid and say that sometimes investors can be a pain in the butt. When you are the CEO, you are managing their money. They may call you, and they may ask questions about wanting to dig into the details of your hiring policies. They may want to dig into the details of your internal governance policies. They may want to understand the degree to which your company is hedged out against future risks, ESG or otherwise.

It is very tempting in those moments, from my personal experience as a CEO, to say: ''You all don't understand this business as well as I do. I am so much smarter than you. I am going to ignore your questions because they are not material,'' and hang up the phone.

That is a great way to become an ex-CEO, which is exactly as it should be. When you tell them that they don't understand what I know about my company, they are inclined to correct you and say: ''No. It is not your company. It is my company.''

My Republican colleagues are doing exactly that with this bill. They are telling investors and shareholders that they do not have a right to decide what is material in their interest in these companies. Maybe that is an individual investor. Maybe that is a pension fund. They are saying that they don't matter.

Mr. Speaker, let me tell you, our Nation's CEOs thank my Republican colleagues for their service, for looking out for them.

Now, we will always have a few lousy, self-interested CEOs who would like to fleece their investors, who would like to hide their liabilities, who would like to tell you to shut up and pound sand because you don't understand their business.

It is sad to me to see the Republican Party choose to associate with them and say we have their backs. I am proud to stand with our Nation's good CEOs and, more importantly, with all of our Nation's investors in strong opposition to this antimarket, antigrowth legislation.

Mr. HUIZENGA. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. NUNN), who is a member of our Financial Services Committee.

Mr. NUNN of Iowa. Mr. Speaker, I rise in support of H.R. 4790, and I thank our chairman, the gentleman from Michigan (Mr. HUIZENGA), for leading this very important bill.

The rising cost of living and inflation are making it hard for everyone, particularly those in ag States like Iowa. Over half of Iowans rely on some type of retirement account just to plan for their future—their kids' future, their future retirement, their ability to buy a first-time home.

However, some investment managers are now letting politics guide their decisions, not free market principles. They are working not to improve returns for their investors, retirees, or every American, but working in a way to align their politics before actual market-based principles.

That is why I believe we must pass this bill, which includes my Protecting Americans' Savings Act, and eliminate these tragic conflicts of interest. We cannot allow unelected bureaucrats, administrators, or political activists to gamble with Americans' hard-earned and well-invested future. The retirement savings that are being led here ensure that our companies do what is best for all Americans, including my constituents back home in Iowa, not the political motivations of a few.

Mr. Speaker, I urge passage of this legislation. I thank Mr. HUIZENGA for his strong leadership and work in making sure that this can come to the floor and pass.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. GARCIA), who is also the vice ranking member of the Committee on Financial Services.

Ms. GARCIA of Texas. Mr. Speaker, this bill is just another extreme MAGA political stunt to undermine the safety and soundness of our banks and financial system.

Rather than focus on economic growth, it pushes extremist policies, stripping away critical environmental, social, and governance initiatives and disclosures.

Let's be clear: Climate risk is financial risk, and diversity is good business.

Just look at a recent McKinsey report: Top companies grow more when they consider climate risk and embrace diversity and inclusion than when they only look at the bottom line.

Let's make this simple. Why do Republicans want to take power away from shareholders? Why are they doing away with decades of progress in corporate transparency? Why do they want less information?

This is not an effort to secure economic growth for our Nation. It is an effort to deny reality, something that extreme Republicans are experts at.

The SPEAKER pro tempore (Mr. NORMAN). The time of the gentlewoman has expired.

Ms. WATERS. Mr. Speaker, I yield an additional 30 seconds to the gentlewoman from Texas.

Ms. GARCIA of Texas. Mr. Speaker, I, too, ask: Is this America?

Mr. HUIZENGA. Mr. Speaker, I yield 1½ minutes to the gentleman from Pennsylvania (Mr. MEUSER), my good friend and a member of the Financial Services Committee.

Mr. MEUSER. Mr. Speaker, I thank my good friend, the chairman of the subcommittee and a great leader in Financial Services, for yielding.

Mr. Speaker, I rise today in support of H.R. 4790, the Prioritizing Economic Growth Over Woke Policies, as introduced by Mr. HUIZENGA.

This bill, Mr. Speaker, limits the disclosures that securities issuers must provide to the SEC, ensuring they only report information that is material to investors' decisionmaking.

H.R. 4790 also includes my bill, H.R. 4653, the Protecting U.S. Business Sovereignty Act.

My legislation defends American businesses from the overreach of foreign regulations like the EU's Corporate Sustainability Due Diligence Directive, which threatens U.S. businesses by imposing costly compliance

burdens on U.S. businesses for participating even in a minor way in the EU.

Republicans are not against ESG, Mr. Speaker, as an investment choice. If individual investors want to prioritize environmental, social, or governance factors, that is their freedom. What we oppose is when these ideological views are mandated, when investors are forced to comply with burdensome regulations that prioritize political ideology over profitability, prioritize ideology over outcomes, which harms the economy and undermines the freedom to invest one's own wealth.

Mr. Speaker, I urge my colleagues to support this legislation. Let's choose economic growth and the freedom of choice for American investors.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentlewoman from Michigan (Ms. TLAIB), who is also the vice ranking member of the Subcommittee on Housing and Insurance.

Ms. TLAIB. Mr. Speaker, the so-called ESG debate is a fabricated political issue funded by corporate interests that are trying to protect their short-term profits at the expense of our workers, our retirees, and our communities.

The stakes are real, and hardworking families' retirement security is on the line.

Just look at the impacts at the State level, Mr. Speaker. Indiana's budget office, for example, has estimated that forcing their State pension system to divest from firms or funds that use ESG factors could reduce returns by $6.7 billion.

Public funding is also at stake. Let's look at Texas. It passed anti-ESG legislation at the State level, disrupting the municipal bond market. Public borrowing costs have now increased by roughly $400 million in Texas.

Anti-ESG efforts shield companies from accountability, put families' retirement savings at risk, and cost the public money.

All this is for corporate profits. Pensioners and retirees deserve better.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Ms. WATERS. Mr. Speaker, I yield an additional 30 seconds to the gentlewoman from Michigan.

Ms. TLAIB. Mr. Speaker, I want everyone to admit that this is all for corporate profits and that the American people deserve better.

These are retirees who worked incredibly hard, and we have to do everything we can to protect their investments. They deserve better. They deserve the transparency that these factors produce.

Mr. HUIZENGA. Mr. Speaker, I simply note that if this was about protecting investors and maximizing their profit, we wouldn't force them to go into a lower return product like my colleagues are trying to do.

Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee (Mr. ROSE), my friend and colleague, a member of the Financial Services Committee.

Mr. ROSE. Mr. Speaker, I thank the chairman, my friend from Michigan, for yielding me time to speak in support of this legislative package that includes my bill, H.R. 4657.

Mr. Speaker, under the Biden-Harris administration, economic growth has been sacrificed to pursue a woke agenda detrimental to Tennesseans. This is one of the many reasons I rise in support of my Michigan colleague's legislation, H.R. 4790.

The Tennesseans I represent can be assured that I will continue to prioritize working families over the woke socialist agenda known as ESG that far-left progressives are inserting into retirement accounts.

□ 1430

My bill that is included in this package, would protect retail investors and retirement savings from leftwing, activist shareholders and socially directed investment funds from abusing the shareholder process to advance their progressive political agendas.

Activist investors that force companies to take social positions on issues like abortion and climate change shouldn't be making business decisions.

My bill would offer companies respite from these harmful and extremist shareholder proposals, which is why my bill is referred to as the RESPITE Act in the Senate.

Tennesseans know firsthand how woke priorities don't align with our values or our financial interests. That is why we stood up to Tractor Supply Company and forced them to care about people again and not politics.

When the Securities and Exchange Commission came after our farmers to collect ESG-related information, the Tennessee Attorney General's office sued the SEC to remind them that they were overstepping by engaging in environmental policy.

Tennessee is proud to lead the charge against the woke agenda championed by the Biden-Harris administration.

That is why, Mr. Speaker, I urge Members to join me in voting ''yes'' on H.R. 4790, so that we can turn the focus back on promoting economic growth and not social wokeness.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. CASTEN), a member of the Financial Services Committee and the co-chair of the Congressional Sustainable Investment Caucus.

Mr. CASTEN. Mr. Speaker, again, I oppose H.R. 4790 because it impedes shareholders' engagement with the companies they own, limits visibility into corporate decisionmaking, and ultimately weakens the foundation of America's strong free market.

For this reason, at the appropriate time, I will offer a motion to recommit this bill back to committee. If the House rules had permitted, I would have offered this motion with an important amendment to this bill.

My amendment would require companies to disclose when they abandon commitments to diversity, equity and inclusion, or DEI.

DEI initiatives at companies lead to more innovative and productive organizational cultures. Establishing a diverse workforce helps companies attract and retain top talent and ultimately drives better business outcomes.

I ask unanimous consent to include in the RECORD the text of this amendment immediately prior to the vote on the motion to recommit.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CASTEN: I hope that my colleagues will join me in voting for the motion to recommit.

Mr. HUIZENGA. Mr. Speaker, I yield 1 minute to the gentleman from Nebraska (Mr. FLOOD).

Mr. FLOOD. Mr. Speaker, I support Mr. HUIZENGA's bill, H.R. 4790, the Prioritizing Economic Growth Over Woke Policies Act, and I thank him and Chairman MCHENRY for their leadership on this issue.

In particular, I highlight my bill within this larger package. It is called the Stop Executive Capture of Banking Regulators Act.

This bill applies a requirement to the Federal Reserve, the OCC, the FDIC, the NCUA, and the FHFA to report to Congress when they plan to implement a nonbinding recommendation from an executive order, or FSOC.

All the regulators I just listed are independent. Independent regulators are supposed to act according to their respective expertise. They shouldn't just adopt recommendations from the President or Treasury without their own due diligence.

This bill says that if they do choose to implement a nonbinding directive from the executive branch, they should tell Congress and the American people what they are planning to do and why. That is a commonsense requirement, and, frankly, this shouldn't be a partisan issue.

Mr. HUIZENGA. Mr. Speaker, may I inquire as to how much time is remaining.

The SPEAKER pro tempore. The gentleman from Michigan has 4 minutes remaining. The gentlewoman from California has 6 minutes remaining.

Mr. HUIZENGA. Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me be clear. We all want our investments to grow. Investors want to be able to compare ESG metrics across companies because there is substantial research showing that companies that are actively managing their climate risk and promoting diversity, equity, and inclusion are more profitable, not less.

Consistent and transparent disclosure on these metrics are critical for investors who are looking to maximize their investment growth, not just for

investors who are looking to put their money toward good causes.

This is not just about doing the right thing for the Earth or for employees. It is about doing the right thing for a company's bottom line, the right thing for the growth of our investments, and the right thing for investor choice.

My colleague has claimed that nothing in this bill would prevent an individual from investing in companies with ESG policies, but let's take a look at the facts.

This bill would make it harder for investors to access clear and consistent disclosures from companies on ESG metrics.

How can an investor make informed decisions without that information? They cannot, and that is why this bill is so harmful.

It is taking away investor rights and investor choice in order to force MAGA policies on all of us at the expense of investors. It is unacceptable.

Mr. Speaker, I reserve the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I am prepared to close.

Meanwhile, I again reiterate that the law requires any material information, including climate information, must be disclosed currently, if it is material.

I will continue to reserve the balance of my time until the gentlewoman is prepared to close.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill has been opposed by the Biden-Harris administration. In fact, this Statement of Administration Policy states that this bill ''would severely limit the ability of Federal financial regulators to protect consumers and investors.''

It also ''would disempower stakeholders and investors. . . .''

I include the Statement of Administration Policy in the RECORD.

STATEMENT OF ADMINISTRATION POLICY

H.R. 4790—PRIORITIZING ECONOMIC GROWTH OVER WOKE POLICIES ACT

The Administration opposes H.R. 4790, which would severely limit the ability of Federal financial regulators to protect consumers and investors.

Since 1934, the Securities and Exchange Commission (SEC) has worked to protect investors, safeguard markets, and enhance access to capital. Central to these efforts are the SEC's disclosure rules, which require companies that offer securities to the public to provide investors the information they need to make informed decisions. The changes proposed in H.R. 4790 would fundamentally limit the SEC's ability to fulfill its mission by prohibiting the agency from requiring companies to provide certain disclosures of information material to investment decisions, and instead allowing the regulated companies themselves the discretion to determine what must be disclosed.

The SEC also exists to ensure that companies are responsive to shareholder and investor concerns. However, H.R. 4790 would disempower stakeholders and investors, including by preventing the SEC from compelling companies to notify investors of other shareholders' proposals and by limiting the types of proposals that shareholders can introduce.

Finally, the bill also limits some independent agencies, including the Federal Reserve, from working to influence standards proposed by specified international organizations that work to improve the financial system, curtailing the Nation's ability to coordinate with international counterparts in the face of threats to the global economy.

Ms. WATERS. Mr. Speaker, I also point out that this bill is opposed by over 40 organizations and investor advocates. I include in the RECORD the letter these groups signed indicating their opposition to H.R. 4790.

September 17, 2024.

Re Opposition to anti-ESG bills that threaten workers' retirement security and our financial system, and weaken tools of corporate accountability.

Hon. MIKE JOHNSON,
House of Representatives, Washington, DC.
Hon. HAKEEM JEFFRIES,
Minority Leader, House of Representatives, Washington, DC.

DEAR SPEAKER JOHNSON AND MINORITY LEADER JEFFRIES: Americans for Financial Reform (AFR) and the 39 undersigned organizations write in opposition to Prioritizing Economic Growth Over Woke Policies Act (H.R. 4790) and the Protecting Americans' Investments from Woke Policies Act (H.R. 5339), which are packages of several bills that are part of a broader, unpopular campaign against common sense investment practices. This campaign seeks to both force financial actors to ignore a slew of financial risks to the detriment of workers' retirement security and the integrity of our financial system, and weaken tools of corporate accountability. The bills at issue were marked up by the House Financial Services Committee (HFSC) and the House Committee on Education and the Workforce. If passed, they would represent a giveaway to corporations at the expense of workers, investors, and the public.

The bills marked up by HFSC in July of last year were the culmination of what the committee's majority publicly characterized as ''ESG month''—a series of six hearings and a markup designed to discourage financial actors from taking into account environmental, social, and governance (ESG) factors in their investment decision-making and undermine corporate accountability. The bills can be categorized based on the effects they would have: (1) undermine regulations that would equip investors with more information to make better investment decisions (H.R. 4790); (2) insulate the management of public companies from investor input and accountability, including by eliminating fundamental investor rights to file shareholder proposals (H.R. 4767 and H.R. 4655); and (3) hamstring the ability of federal banking regulators to respond effectively to micro- and macro-prudential risks to the financial system (H.R. 4823). For a more detailed discussion of these bills, see AFR's letter of opposition submitted ahead of the markup.

The bills marked up by the House Committee on Education and the Workforce in September would amend the Employee Retirement Income Security Act (ERISA) with the effect of undermining workers' retirement security. Two of the bills—H.R. 5339 and H.R. 5337—have a longer history, mirroring two Trump-era Department of Labor (DOL) rules. Those rules were widely criticized and have since been rescinded because they produced significant confusion about what fiduciaries are allowed to consider when making investment decisions, and had a chilling effect on the consideration of financially relevant information—thereby putting workers' retirement security at risk. The other two bills would also harm workers saving for retirement, H.R. 5338 by interfering with efforts to increase diversity among asset managers managing workers' savings and H.R. 5340 by mandating confusing and misleading information be sent to investors. For a more detailed discussion of these bills, see AFR's letter of opposition submitted ahead of the markup.

Congress should not lend support to an effort that would harm the public interest and has triggered fierce and effective opposition from a broad coalition of diverse stakeholders. For example, state-level anti-ESG legislation—which included 161 pieces of legislation introduced in 28 states this year—faced significant pushback from public pension beneficiaries, retirement system officials, bank and local business associations, and unions. As a result, the vast majority of the bills were defeated. A strong coalition has also opposed past anti-ESG congressional actions.

Voters overwhelmingly oppose measures like these. Although the anti-ESG campaign is well-funded, polling decidedly shows a strong majority of voters do not support its goals. For example, 63% of voters do not believe the government should set limits on corporate ESG investments. And when it comes to how companies should operate in our society, ''most voters (76%) feel companies play a vital role in society and should be held accountable to make a positive impact on the communities in which they operate.'' This includes both the majority of Republicans (69%) and the majority of Democrats (82%), reflecting strong bipartisan support. Additionally, a recent poll by Public Citizen found that voters oppose Congress passing legislation to limit the type of information about a corporation's business record that is disclosed to pension and retirement fund managers, investors, and the public, and that voters would reward an elected official who favors requiring corporations to disclose environmental, social, and governance information about their business dealings to investors and the public.

For all the reasons stated above, the undersigned organizations urge you to oppose these anti-ESG bills. Thank you for your consideration of our perspective. Please do not hesitate to contact Natalia Renta if have any questions.

Sincerely,

Americans for Financial Reform; 17 Communications; 350.org; Adrian Dominican Sisters, Portfolio Advisory Board; AFL–CIO; Alabama Interfaith Power & Light; American Federation of State, County and Municipal Employees (AFSCME); American Federation of Teachers; Center for Popular Democracy; ClientEarth USA; Communications Workers of America; Congregation of St. Joseph; Daughters of Charity, Province of St. Louise.

Environmental Defense Fund; For the Long Term; Global Reporting Initiative (GRI); Green America; Interfaith Center on Corporate Responsibility; International Brotherhood of Teamsters, Invest Vegan; League of Conservation Voters; Majority Action; Mercy Investment Services, Inc.; National Education Association; National Women's Law Center; NETWORK Lobby for Catholic Social Justice; Oxfam America.

Private Equity Stakeholder Project; Public Citizen; RFK Human Rights; Rhia Ventures; Rise Economy (formerly California Reinvestment Coalition); Sierra Club; SOC Investment Group; Stance Capital; Strong Economy For All Coalition; Take on Wall Street; The People's Justice Council; Tulipshare, Sustainable Investment Fund; Unlocking America's Future.

Ms. WATERS. Mr. Speaker, I reserve the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I continue to reserve the balance of my time until the gentlewoman is prepared to close.

Ms. WATERS. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, we have talked a lot during this debate about investors, and I want to be clear that when I say ''investor,'' I am talking about people saving for retirement, their children's education, and to purchase a home. I am talking about Americans who have saved a few dollars in a mutual fund or purchased a few stocks.

These are the investors, and it is their rights that this bill tramples on. It tramples on their right to vote on and to offer proposals to strengthen companies they own, their right to information to evaluate their investment, and it undermines the regulator who works to protect investor rights.

This is taking us back. This is undoing the traditional investor rights that we have enjoyed for so long that are now being stripped while there is an attempt to undo what we are trying to do with climate change.

Well, I know that they don't believe in the science and what is happening with climate change, but this is going way beyond what I thought any of my colleagues on the opposite side of the aisle would do.

I understand that large public corporations want this bill because it would allow them to take investors' money but ignore them in every respect.

Shareholders are the legal owners of these companies, not the executives. Mr. Speaker, I think the executives simply forgot who they work for.

The shareholders are the ones who invest their hard-earned dollars in the company and deserve the right to participate in this small way.

This bill is a blatant denial of climate change and insulting to communities all across this country that have been burned by historical wildfires, flattened by monster hurricanes, and parched by record heat waves and droughts.

This bill is an attempt to make us see our neighbor as a threat rather than as a friend. It suggests wanting companies to reflect the diversity of America is itself un-American.

I know that there are those who don't like to see people like me in the boardrooms, who don't like to see people of color in the boardrooms, who don't like to see LGBT in the boardrooms.

We are not going back, Mr. Speaker. We are going to continue to fight this fight, and we are going to fight for the investors.

With that type of thinking, it leads the politicians to share fearmongering lies, like people eating pets rather than seeing that our diversity of people, ideas, backgrounds, and religions is our greatest strength and what sets America apart from the rest of the world.

Mr. Speaker, I yield back the balance of my time.

Mr. HUIZENGA. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I thank all of my colleagues, the Members who spoke here today, as well as the 20 Members who included their bills in this particular package.

We have heard a lot of rhetoric. We have heard a lot of hyperbole. We have heard a lot of fearmongering, charged rhetoric, and, frankly, even some falsehoods today from my colleagues across the aisle.

I want to be clear, Mr. Speaker, that again, the law requires any material information, including climate, and all these other things that have been discussed today, must be disclosed to investors, if it is material.

Now, in 1976, the great Thurgood Marshall established standards of materiality in the TSC v. Northway case.

Thurgood Marshall realized, as did the rest of the Supreme Court, that having just arbitrary and capricious and sort of willy-nilly rules surrounding what should or shouldn't be disclosed and what should and shouldn't be informative to the reasonable investor—his words and their words—to the reasonable investor, they needed to put guardrails around that. In 1976, Thurgood Marshall did that.

This administration, after nearly 50 years, and their puppets in the supposedly independent agencies have turned that concept on its head.

We see this time and time again because they cannot do this through the legislative process. They are turning to those regulators who are abusing their situations.

Here are the facts. Unelected bureaucrats have hijacked and overhauled the public company shareholder proxy process.

Here are the facts. They have adopted rules and guidance that exceeds their statutory authority, and by the way, those same courts have been putting them back in their place.

Here are the facts. They have redefined the materiality standard. They have ceded authority over American financial regulation to global governance bodies.

Why would we do this? Why would we do this when the U.S. capital markets are the envy of the world? Capital comes to the United States because of our strength. Yet, they want to undermine and weaken it.

In response, our bill, H.R. 4790, the Prioritizing Economic Growth Over Woke Policies Act, will prevent regulatory overreach.

It will restore the materiality standard. It will restore the SEC's proxy voting process. It will hold large proxy advisory firms accountable.

It will block regulators from injecting ESG and other initiatives into our financial system. It will reassert sovereignty over American financial regulation to American regulators, not international bodies. Again, Mr. Speaker, the law requires any material information be included to the reasonable investor.

Let's seize this opportunity to protect workers, to create jobs, to protect those job creators and everyday investors from radical ESG initiatives that put leftwing political goals above American prosperity.

Let's ensure our financial system remains the envy of the world, Mr. Speaker. Let's vote ''yes''.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 1455, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. CASTEN. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Casten of Illinois moves to recommit the bill H.R. 4790 to the Committee on Financial Services.

The material previously referred to by Mr. CASTEN is as follows:

Mr. Casten moves to recommit the bill H.R. 4790 to the Committee on Financial Services with instructions to report the same back to the House forthwith, with the following amendment:

Add at the end the following:

DIVISION E—DISCLOSURES

SEC. 5001. PUBLIC COMPANY DISCLOSURES WHEN ELIMINATING EMPLOYEES AND OFFICES THAT PROMOTE DIVERSITY, EQUITY, AND INCLUSION.

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

''(t) ELIMINATION OF EMPLOYEES AND OFFICES THAT PROMOTE DIVERSITY, EQUITY, AND INCLUSION.—Each issuer required to make quarterly reports under this section shall include in such report whether the issuer, during the reporting period, eliminated any employees or offices tasked with enhancing the issuer's commitment to promoting diversity, equity, and inclusion within the workforce and business practices of the issuer.''.

(b) INITIAL REPORT.—Each issuer required to make reports under section 13 of the Securities Exchange Act of 1934 shall file a Form 8–K with the Securities and Exchange Commission stating whether the issuer has eliminated any employees or offices tasked with enhancing the issuer's commitment to promoting diversity, equity, and inclusion within the workforce and business practices of the issuer.

The SPEAKER pro tempore. Pursuant to clause 2(b) of rule XIX, the previous question is ordered on the motion to recommit.

The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HUIZENGA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 2 o'clock and 45 minutes p.m.), the House stood in recess.

□ 1540

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (MIKE GARCIA of California) at 3 o'clock and 40 minutes p.m.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Proceedings will resume on questions previously postponed. Votes will be taken in the following order:

The motion to recommit H.R. 3724;

Passage of H.R. 3724, if ordered;

The motion to recommit H.R. 4790; and

Passage of H.R. 4790, if ordered.

The first electronic vote will be conducted as a 15-minute vote. Pursuant to clause 9 of rule XX, remaining electronic votes will be conducted as 5-minute votes.

ACCREDITATION FOR COLLEGE EXCELLENCE ACT OF 2023

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the unfinished business is the vote on the motion to recommit on the bill (H.R. 3724) to amend the Higher Education Act of 1965 to prohibit recognized accrediting agencies and associations from requiring, encouraging, or coercing institutions of higher education to meet any political litmus test or violate any right protected by the Constitution as a condition of accreditation, offered by the gentlewoman from Oregon (Ms. BONAMICI), on which the yeas and nays were ordered.

The Clerk will redesignate the motion.

The Clerk redesignated the motion.

The SPEAKER pro tempore. The question is on the motion to recommit.

The vote was taken by electronic device, and there were—yeas 195, nays 203, not voting 33, as follows:

[Roll No. 432]

YEAS—195

Adams
Aguilar
Allred
Amo
Auchincloss
Balint
Beatty
Bera
Beyer
Bishop (GA)
Blunt Rochester
Bonamici
Bowman
Boyle (PA)
Brown
Brownley
Budzinski
Caraveo
Carbajal
Carson
Carter (LA)
Cartwright
Casar
Case
Casten
Castor (FL)
Castro (TX)
Cherfilus-McCormick
Chu
Clark (MA)
Clarke (NY)
Cohen
Connolly
Correa
Costa
Courtney
Craig
Crockett
Crow
Cuellar
Davids (KS)
Davis (IL)
Davis (NC)
Dean (PA)
DeGette
DeLauro
DelBene
Deluzio
DeSaulnier
Doggett
Escobar
Eshoo
Espaillat
Fletcher
Foster
Foushee
Frankel, Lois
Frost
Gallego
Garamendi
García (IL)
Garcia (TX)
Golden (ME)
Goldman (NY)
Gomez
Gonzalez, V.
Gottheimer
Green, Al (TX)
Harder (CA)
Hayes
Himes
Horsford
Houlahan
Hoyer
Hoyle (OR)
Ivey
Jackson (IL)
Jackson (NC)
Jacobs
Jayapal
Jeffries
Johnson (GA)
Kamlager-Dove
Kaptur
Keating
Kelly (IL)
Kennedy
Khanna
Kildee
Kilmer
Kim (NJ)
Krishnamoorthi
Kuster
Landsman
Larsen (WA)
Larson (CT)
Lee (CA)
Lee (NV)
Lee (PA)
Leger Fernandez
Levin
Lieu
Lofgren
Lynch
Magaziner
Manning
Matsui
McBath
McClellan
McCollum
McGarvey
McGovern
Meeks
Menendez
Meng
Mfume
Moore (WI)
Morelle
Moskowitz
Moulton
Mrvan
Mullin
Nadler
Napolitano
Neal
Neguse
Nickel
Norcross
Ocasio-Cortez
Omar
Pallone
Panetta
Pappas
Peltola
Perez
Peters
Pettersen
Pingree
Pocan
Porter
Pressley
Quigley
Ramirez
Raskin
Ross
Ruiz
Ruppersberger
Salinas
Sánchez
Sarbanes
Scanlon
Schakowsky
Schiff
Schneider
Scholten
Schrier
Scott (VA)
Scott, David
Sewell
Sherman
Sherrill
Slotkin
Smith (WA)
Sorensen
Soto
Spanberger
Stansbury
Stanton
Stevens
Strickland
Suozzi
Swalwell
Sykes
Takano
Thanedar
Thompson (CA)
Thompson (MS)
Titus
Tlaib
Tokuda
Tonko
Torres (CA)
Torres (NY)
Trahan
Trone
Underwood
Vargas
Vasquez
Veasey
Velázquez
Wasserman Schultz
Waters
Watson Coleman
Wild
Williams (GA)

NAYS—203

Aderholt
Alford
Allen
Amodei
Armstrong
Arrington
Babin
Bacon
Baird
Balderson
Banks
Barr
Bean (FL)
Bentz
Bergman
Bice
Biggs
Bilirakis
Bishop (NC)
Boebert
Bost
Brecheen
Buchanan
Bucshon
Burchett
Burgess
Burlison
Calvert
Cammack
Carey
Carl
Carter (GA)
Carter (TX)
Chavez-DeRemer
Ciscomani
Cline
Cloud
Clyde
Cole
Collins
Comer
Crane
Crawford
Crenshaw
Curtis
D'Esposito
Davidson
De La Cruz
Diaz-Balart
Donalds
Duarte
Edwards
Ellzey
Emmer
Estes
Ezell
Fallon
Feenstra
Finstad
Fischbach
Fitzgerald
Fitzpatrick
Fleischmann
Flood
Fong
Foxx
Franklin, Scott
Fry
Fulcher
Gaetz
Garbarino
Garcia, Mike
Gimenez
Gonzales, Tony
Good (VA)
Gooden (TX)
Gosar
Graves (LA)
Graves (MO)
Green (TN)
Greene (GA)
Griffith
Guest
Guthrie
Hageman
Harris
Harshbarger
Hern
Higgins (LA)
Hill
Hinson
Houchin
Hudson
Huizenga
Hunt
Issa
Jackson (TX)
Johnson (LA)
Johnson (SD)
Jordan
Joyce (PA)
Kean (NJ)
Kelly (MS)
Kelly (PA)
Kiggans (VA)
Kiley
Kim (CA)
Kustoff
LaHood
LaLota
LaMalfa
Lamborn
Latta
Lawler
Lee (FL)
Lesko
Letlow
Lopez
Lucas
Luetkemeyer
Luna
Luttrell
Mace
Malliotakis
Maloy
Mann
Massie
Mast
McCaul
McClain
McClintock
McCormick
Miller (IL)
Miller (OH)
Miller (WV)
Miller-Meeks
Mills
Molinaro
Moolenaar
Mooney
Moore (AL)
Moore (UT)
Moran
Murphy
Nehls
Newhouse
Norman
Nunn (IA)
Obernolte
Ogles
Owens
Palmer
Pence
Perry
Pfluger
Posey
Reschenthaler
Rodgers (WA)
Rogers (AL)
Rogers (KY)
Rose
Rosendale
Rouzer
Roy
Rulli
Rutherford
Salazar
Scalise
Schweikert
Scott, Austin
Self
Sessions
Simpson
Smith (MO)
Smith (NE)
Smith (NJ)
Smucker
Spartz
Steel
Stefanik
Steil
Steube
Strong
Tenney
Thompson (PA)
Tiffany
Timmons
Turner
Valadao
Van Drew
Van Duyne
Wagner
Walberg
Weber (TX)
Webster (FL)
Wenstrup
Westerman
Williams (NY)
Williams (TX)
Wilson (SC)
Wittman
Womack
Yakym

NOT VOTING—33

Barragán
Blumenauer
Bush
Cárdenas
Cleaver
Clyburn
DesJarlais
Dingell
Duncan
Dunn (FL)
Evans
Ferguson
Garcia, Robert
Granger
Grijalva
Grothman
Huffman
James
Joyce (OH)
Langworthy
LaTurner
Loudermilk
McHenry
Meuser
Pelosi
Phillips
Ryan
Stauber
Van Orden
Waltz
Wexton
Wilson (FL)
Zinke

□ 1605

Messrs. STRONG, GRAVES of Missouri, Mrs. LUNA, Messrs. RESCHENTHALER, FINSTAD, Ms. MALOY, Messrs. RUTHERFORD, CLYDE, VAN DREW, and Ms. MALLIOTAKIS changed their vote from ''yea'' to ''nay.''

Mr. VEASEY, Ms. DAVIDS of Kansas, and Mr. MRVAN changed their vote from ''nay'' to ''yea.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

Stated for:

Ms. BARRAGÁN. Mr. Speaker, had I been present, I would have voted YEA on Roll Call No. 432.

Stated against:

Mr. GROTHMAN. Mr. Speaker, had I been present, I would have voted NAY on Roll Call No. 432.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MRVAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 213, nays 201, not voting 17, as follows:

[Roll No. 433]

YEAS—213

Aderholt
Alford
Allen
Amodei
Armstrong
Arrington
Babin
Bacon
Baird
Balderson
Banks
Barr
Bean (FL)
Bentz
Bergman
Bice
Biggs
Bilirakis
Bishop (NC)
Boebert
Bost
Brecheen
Buchanan
Bucshon
Burchett
Burgess
Burlison
Calvert
Cammack
Carey
Carl
Carter (GA)
Carter (TX)
Chavez-DeRemer
Ciscomani
Cline
Cloud
Clyde
Cole
Collins
Comer
Crane
Crawford
Crenshaw
Curtis