

115TH CONGRESS
1ST SESSION

S. 536

To promote transparency in the oversight of cybersecurity risks at publicly traded companies.

IN THE SENATE OF THE UNITED STATES

MARCH 7, 2017

Mr. REED (for himself, Ms. COLLINS, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To promote transparency in the oversight of cybersecurity risks at publicly traded companies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Cybersecurity Dislo-
5 sure Act of 2017”.

6 **SEC. 2. CYBERSECURITY TRANSPARENCY.**

7 (a) DEFINITIONS.—In this section—

8 (1) the term “Commission” means the Securi-
9 ties and Exchange Commission;

10 (2) the term “cybersecurity threat”—

1 (A) means an action, not protected by the
2 First Amendment to the Constitution of the
3 United States, on or through an information
4 system that may result in an unauthorized ef-
5 fort to adversely impact the security, avail-
6 ability, confidentiality, or integrity of an infor-
7 mation system or information that is stored on,
8 processed by, or transiting an information sys-
9 tem; and

10 (B) does not include any action that solely
11 involves a violation of a consumer term of serv-
12 ice or a consumer licensing agreement;

13 (3) the term “information system”—

14 (A) has the meaning given the term in sec-
15 tion 3502 of title 44, United States Code; and

16 (B) includes industrial control systems,
17 such as supervisory control and data acquisition
18 systems, distributed control systems, and pro-
19 grammable logic controllers;

20 (4) the term “issuer” has the meaning given
21 the term in section 3 of the Securities Exchange Act
22 of 1934 (15 U.S.C. 78c);

23 (5) the term “NIST” means the National Insti-
24 tute of Standards and Technology; and

1 (6) the term “reporting company” means any
2 company that is an issuer—

3 (A) the securities of which are registered
4 under section 12 of the Securities Exchange
5 Act of 1934 (15 U.S.C. 78l); or

6 (B) that is required to file reports under
7 section 15(d) of such Act (15 U.S.C. 78o(d)).

8 (b) REQUIREMENT TO ISSUE RULES.—Not later
9 than 360 days after the date of enactment of this Act,
10 the Commission shall issue final rules to require each re-
11 porting company, in the annual report submitted under
12 section 13 or section 15(d) of the Securities Exchange Act
13 of 1934 (15 U.S.C. 78m and 78o(d)) or the annual proxy
14 statement submitted under section 14(a) of such Act (15
15 U.S.C. 78n(a))—

16 (1) to disclose whether any member of the gov-
17 erning body, such as the board of directors or gen-
18 eral partner, of the reporting company has expertise
19 or experience in cybersecurity and in such detail as
20 necessary to fully describe the nature of the exper-
21 tise or experience; and

22 (2) if no member of the governing body of the
23 reporting company has expertise or experience in cy-
24 bersecurity, to describe what other cybersecurity
25 steps taken by the reporting company were taken

1 into account by such persons responsible for identi-
2 fying and evaluating nominees for any member of
3 the governing body, such as a nominating com-
4 mittee.

5 (c) CYBERSECURITY EXPERTISE OR EXPERIENCE.—

6 For purposes of subsection (b), the Commission, in con-
7 sultation with NIST, shall define what constitutes exper-
8 tise or experience in cybersecurity, such as professional
9 qualifications to administer information security program
10 functions or experience detecting, preventing, mitigating,
11 or addressing cybersecurity threats, using commonly de-
12 fined roles, specialities, knowledge, skills, and abilities,
13 such as those provided in NIST Special Publication 800-
14 181 entitled “NICE Cybersecurity Workforce Frame-
15 work”, or any successor thereto.

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