

118TH CONGRESS  
1ST SESSION

# 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.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 20, 2023

Mr. HUIZENGA (for himself, Mr. MEUSER, Mr. LUCAS, and Mr. MOONEY) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

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.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Guiding Uniform and Responsible Disclosure Require-  
6 ments and Information Limits Act of 2023” or the  
7 “GUARDRAIL Act of 2023”.

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

Sec. 1. Short title; Table of contents.

TITLE I—MANDATORY MATERIALITY REQUIREMENT

Sec. 101. Limitation on disclosure requirements.

TITLE II—SEC JUSTIFICATION OF NON-MATERIAL DISCLOSURE  
 MANDATES

Sec. 201. SEC justification of non-material disclosure mandates.

TITLE III—PUBLIC COMPANY ADVISORY COMMITTEE

Sec. 301. Public Company Advisory Committee.

TITLE IV—PROTECTING U.S. BUSINESS SOVEREIGNTY

Sec. 401. Study on detrimental impact of the Directive on Corporate Sustainability Due Diligence and Corporate Sustainability Reporting Directive.

3 **TITLE I—MANDATORY**  
 4 **MATERIALITY REQUIREMENT**

5 **SEC. 101. LIMITATION ON DISCLOSURE REQUIREMENTS.**

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

8 (1) in the subsection heading, by inserting “;  
 9 LIMITATION ON DISCLOSURE REQUIREMENTS” after  
 10 “FORMATION”;

11 (2) by striking “Whenever” and inserting the  
 12 following:

13 “(1) IN GENERAL.—Whenever”; and

14 (3) by adding at the end the following:

15 “(2) LIMITATION.—

16 “(A) IN GENERAL.—Whenever pursuant to  
 17 this title the Commission is engaged in rule-

1 making regarding disclosure obligations of  
2 issuers, the Commission shall expressly provide  
3 that an issuer is only required to disclose infor-  
4 mation in response to such disclosure obliga-  
5 tions to the extent the issuer has determined  
6 that such information is material with respect  
7 to a voting or investment decision regarding the  
8 securities of such issuer.

9 “(B) APPLICABILITY.—Subparagraph (A)  
10 shall not apply with respect to the removal of  
11 any disclosure requirement with respect to an  
12 issuer.

13 “(C) RULE OF CONSTRUCTION.—For the  
14 purposes of this paragraph, information is con-  
15 sidered material with respect to a voting or in-  
16 vestment decision regarding the securities of an  
17 issuer if there is a substantial likelihood that a  
18 reasonable investor would view the failure to  
19 disclose that information as having significantly  
20 altered the total mix of information made avail-  
21 able to the investor.”.

22 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
23 3(f) of the Securities Exchange Act of 1934 (15 U.S.C.  
24 78c(f)) is amended—

1           (1) in the subsection heading, by inserting “;  
2           LIMITATION ON DISCLOSURE REQUIREMENTS” after  
3           “FORMATION”;

4           (2) by striking “Whenever” and inserting the  
5           following:

6           “(1) IN GENERAL.—Whenever”; and

7           (3) by adding at the end the following:

8           “(2) LIMITATION.—

9           “(A) IN GENERAL.—Whenever pursuant to  
10           this title the Commission is engaged in rule-  
11           making regarding disclosure obligations of  
12           issuers, the Commission shall expressly provide  
13           that an issuer is only required to disclose infor-  
14           mation in response to such disclosure obliga-  
15           tions to the extent the issuer has determined  
16           that such information is material with respect  
17           to a voting or investment decision regarding the  
18           securities of such issuer.

19           “(B) APPLICABILITY.—Subparagraph (A)  
20           shall not apply with respect to the removal of  
21           any disclosure requirement with respect to an  
22           issuer.

23           “(C) RULE OF CONSTRUCTION.—For the  
24           purposes of this paragraph, information is con-  
25           sidered material with respect to a voting or in-

1 vestment decision regarding the securities of an  
2 issuer if there is a substantial likelihood that a  
3 reasonable investor would view the failure to  
4 disclose that information as having significantly  
5 altered the total mix of information made avail-  
6 able to the investor.”.

7 **TITLE II—SEC JUSTIFICATION**  
8 **OF NON-MATERIAL DISCLO-**  
9 **SURE MANDATES**

10 **SEC. 201. SEC JUSTIFICATION OF NON-MATERIAL DISCLO-**  
11 **SURE MANDATES.**

12 Section 23 of the Securities Exchange Act of 1934  
13 (15 U.S.C. 78w) is amended by adding at the end the fol-  
14 lowing:

15 “(e) NON-MATERIAL DISCLOSURE MANDATES.—

16 “(1) DISCLOSURE.—The Commission shall  
17 maintain a list on the website of the Commission  
18 that contains—

19 “(A) each mandate under the Federal se-  
20 curities laws and regulations that requires the  
21 disclosure of non-material information; and

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

24 “(2) STUDY AND REPORT.—The Commission  
25 shall, every 5 years, issue a report to the Congress

1 justifying each disclosure contained on the list re-  
 2 quired under paragraph (1).

3 “(3) NO PRIVATE LIABILITY FOR FAILING TO  
 4 MAKE A NON-MATERIAL DISCLOSURE.—A person  
 5 who fails to disclose non-material information re-  
 6 quired to be disclosed under the Federal securities  
 7 laws or regulations shall not be liable for such fail-  
 8 ure in any private action.”.

9 **TITLE III—PUBLIC COMPANY**  
 10 **ADVISORY COMMITTEE**

11 **SEC. 301. PUBLIC COMPANY ADVISORY COMMITTEE.**

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

14 **“SEC. 40A. PUBLIC COMPANY ADVISORY COMMITTEE.**

15 “(a) ESTABLISHMENT AND PURPOSE.—

16 “(1) ESTABLISHMENT.—There is established  
 17 within the Commission the Public Company Advi-  
 18 sory Committee (referred to in this section as the  
 19 ‘Committee’).

20 “(2) PURPOSE.—The Committee shall—

21 “(A) provide the Commission with advice  
 22 on its rules, regulations, and policies with re-  
 23 gard to its mission of protecting investors,  
 24 maintaining fair, orderly, and efficient markets,

1 and facilitating capital formation, as they relate  
2 to the following:

3 “(i) “existing and emerging regulatory  
4 priorities of the Commission;

5 “(ii) issues relating to the public re-  
6 porting and corporate governance of public  
7 companies;

8 “(iii) issues relating to the proxy proc-  
9 ess for shareholder meetings held by public  
10 companies;

11 “(iv) issues relating to trading in the  
12 securities of public companies; and

13 “(v) issues relating to capital forma-  
14 tion; and

15 “(B) submit to the Commission such find-  
16 ings and recommendations as the Committee  
17 determines are appropriate, including rec-  
18 ommendations for proposed regulatory and leg-  
19 islative changes.

20 “(b) MEMBERSHIP.—

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

1           “(A) are officers, directors, or senior offi-  
2           cials of public companies registered with the  
3           Commission under the Securities Act of 1933  
4           and this Act, except for those public companies  
5           that own asset management, fixed income, in-  
6           vestment advisory, broker-dealer, or proxy serv-  
7           ices businesses;

8           “(B) are executives or other individuals  
9           with senior managerial responsibility in busi-  
10          ness, professional, trade, and industry associa-  
11          tions that represent the interests of such public  
12          companies; and

13          “(C) are professional advisers and service  
14          providers to such public companies (including  
15          attorneys, accountants, investment bankers, and  
16          financial advisers).

17          “(2) QUALIFICATIONS.— At least 50 percent of  
18          the Committee membership shall be drawn from in-  
19          dividuals who would qualify for membership under  
20          paragraph (1)(A).

21          “(3) TERM.—Each member of the Committee  
22          appointed under paragraph (1) shall serve for a  
23          term of four years. Vacancies among the members,  
24          whether caused by the resignation, death, removal,  
25          expiration of a term, or otherwise, will be filled con-



1       sistent with the Commission’s procedures then in ef-  
2       fect.

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

7               “(5) MEMBERS NOT ON OTHER ADVISORY COM-  
8       MITTEES.—Public companies and other organiza-  
9       tions that are currently represented on any other  
10      Commission Advisory Committee are not eligible to  
11      have representatives also serve on the Public Com-  
12      pany Advisory Committee.

13              “(6) MEMBERS NOT COMMISSION EMPLOY-  
14      EES.— Members appointed under paragraph (1)  
15      shall not be considered to be employees or agents of  
16      the Commission solely because of membership on the  
17      Committee.

18              “(c) CHAIR; VICE CHAIR; SECRETARY; ASSISTANT  
19      SECRETARY.—

20              “(1) IN GENERAL.—The members of the Com-  
21      mittee shall elect, from among the members of the  
22      Committee—

23                      “(A) a Chair;

24                      “(B) a Vice Chair;

25                      “(C) a Secretary; and

1                   “(D) an Assistant Secretary.

2                   “(2) TERM.—Each member elected under para-  
3 graph (1) shall serve for a term of two years in the  
4 capacity the member was elected under paragraph  
5 (1).

6                   “(3) SUBCOMMITTEES.—The Chair may create  
7 subcommittees that hold public or non-public meet-  
8 ings and provide recommendations to the full Com-  
9 mittee.

10                  “(d) MEETINGS.—

11                   “(1) FREQUENCY OF MEETINGS.—The Com-  
12 mittee shall meet—

13                   “(A) not less frequently than twice annu-  
14 ally, at the call of the chair of the Committee;  
15 and

16                   “(B) from time to time, at the call of the  
17 Commission.

18                   “(2) NOTICE.—The Chair of the Committee  
19 shall give the members of the Committee written no-  
20 tice of each meeting, not later than two weeks before  
21 the date of the meeting.

22                   “(e) COMPENSATION AND TRAVEL EXPENSES.—  
23 Each member of the Committee who is not a full-time em-  
24 ployee of the United States shall—

1           “(1) be entitled to receive compensation at a  
2 rate not to exceed the daily equivalent of the annual  
3 rate of basic pay in effect for a position at level V  
4 of the Executive Schedule under section 5316 of title  
5 5, United States Code, for each day during which  
6 the members is engaged in the actual performance  
7 of the duties of the Committee; and

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

15       “(f) STAFF.—The Commission shall make available  
16 to the Committee such staff as the chairman of the Com-  
17 mittee determines are necessary to carry out this section.

18       “(g) REVIEW BY COMMISSION.—The Commission  
19 shall—

20           “(1) review the findings and recommendations  
21 of the Committee; and

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

1           “(A) assessing the finding or recommenda-  
2           tion of the Committee; and

3           “(B) disclosing the action, if any, the Com-  
4           mission intends to take with respect to the find-  
5           ing or recommendation.

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

9           “(i) NONAPPLICABILITY OF FACCA.—Chapter 10 of  
10          part I of title 5, United States Code, shall not apply to  
11          the Committee and its activities.”.

12           **TITLE IV—PROTECTING U.S.**  
13           **BUSINESS SOVEREIGNTY**

14          **SEC. 401. STUDY ON DETRIMENTAL IMPACT OF THE DIREC-**  
15                           **TIVE ON CORPORATE SUSTAINABILITY DUE**  
16                           **DILIGENCE AND CORPORATE SUSTAIN-**  
17                           **ABILITY REPORTING DIRECTIVE.**

18          (a) STUDY.—The Securities and Exchange Commis-  
19          sion shall conduct a study to examine and evaluate—

20                   (1) the detrimental impact and potential detri-  
21                   mental impact of each of the Directives on—

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

24                           (B) the economy of the United States;

1           (2) the extent to which each of the Directives  
2 aligns with international conventions and declara-  
3 tions on human rights and environmental obliga-  
4 tions; and

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

7       (b) REPORT.—Not later than 1 year after the date  
8 of the enactment of this Act, the Securities and Exchange  
9 Commission shall submit to the Committee on Banking,  
10 Housing, and Urban Affairs of the Senate, the Committee  
11 on Financial Services of the House of Representatives, the  
12 Secretary of State, the Secretary of Commerce, and the  
13 United States Trade Representative a report that in-  
14 cludes—

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

17           (2) recommendations for policymakers and rel-  
18 evant stakeholders on potential mitigating measures,  
19 alternative approaches, or modifications to each of  
20 the Directives that would address any concerns iden-  
21 tified in the study.

22       (c) ACCESS TO INFORMATION.—The Securities and  
23 Exchange Commission may request from private entities  
24 such relevant data and information as the Securities and  
25 Exchange Commission determines necessary to carry out

1 the study required under this section and such private en-  
2 tities shall provide such requested data and information  
3 to the Securities and Exchange Commission.

4 (d) DIRECTIVES DEFINED.—In this section the term  
5 “Directives” means—

6 (1) the proposed directive entitled “Corporate  
7 Sustainability Due Diligence” adopted by the Euro-  
8 pean Commission on February 23, 2022; and

9 (2) the Corporate Sustainability Reporting Di-  
10 rective of the European Commission effective Janu-  
11 ary 5, 2023.

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