

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to provide for certain requirements related to proxy voting, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. NUNN of Iowa introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Securities Exchange Act of 1934 to provide for certain requirements related to proxy voting, 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. REQUIREMENTS RELATED TO PROXY VOTING.**

4 Section 14 of the Securities Exchange Act of 1934
5 (15 U.S.C. 78n) is amended by adding at the end the fol-
6 lowing:

7 “(1) PROHIBITION ON ROBOVOTING.—

1 “(1) IN GENERAL.—The Commission shall issue
2 final rules prohibiting the use of robovoting with re-
3 spect to votes related to proxy or consent solicitation
4 materials.

5 “(2) ROBOVOTING DEFINED.—In this sub-
6 section, the term ‘robovoting’ means the practice of
7 automatically voting in a manner consistent with the
8 recommendations of a proxy advisory firm or pre-
9 populating votes on a proxy advisory firm’s elec-
10 tronic voting platform with the proxy advisory firm’s
11 recommendations, in either case, without inde-
12 pendent review and analysis.

13 “(m) PROHIBITION ON OUTSOURCING VOTING DECI-
14 SIONS BY INSTITUTIONAL INVESTORS.—With respect to
15 votes related to proxy or consent solicitation materials, an
16 institutional investor may not outsource voting decisions
17 to any person other than an investment adviser or a
18 broker or dealer that is registered with the Commission
19 and has a fiduciary or best interest duty to the institu-
20 tional investor.

21 “(n) NO REQUIREMENT TO VOTE.—No person may
22 be required to cast votes related to proxy or consent solici-
23 tation materials.

24 “(o) PROXY ADVISORY FIRM CALCULATION OF
25 VOTES.—With respect to votes related to proxy or consent

1 solicitation materials with respect to an issuer, a proxy
2 advisory firm shall calculate the vote result consistent with
3 the law of the State in which the issuer is incorporated.

4 “(p) PROXY ADVISORY FIRM DEFINED.—In sub-
5 section (l) and (o), the term ‘proxy advisory firm’—

6 “(1) means any person who is primarily en-
7 gaged in the business of providing proxy voting ad-
8 vice, research, analysis, ratings, or recommendations
9 to clients, which conduct constitutes a solicitation
10 within the meaning of section 14; and

11 “(2) does not include any person that is exempt
12 under law or regulation from the requirements oth-
13 erwise applicable to persons engaged in such a solici-
14 tation.”.