

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to provide for liability for certain failures to disclose material information or making of material misstatements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. STEIL introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Securities Exchange Act of 1934 to provide for liability for certain failures to disclose material information or making of material misstatements, 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,*

1 **SECTION 1. LIABILITY FOR CERTAIN FAILURES TO DIS-**
2 **CLOSE MATERIAL INFORMATION OR MAKING**
3 **OF MATERIAL MISSTATEMENTS.**

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) FALSE OR MISLEADING STATEMENTS.—For
8 purposes of section 18, the failure to disclose material in-
9 formation (such as a proxy voting advice business’s meth-
10 odology, sources of information, or conflicts of interest)
11 or the making of a material misstatement regarding proxy
12 voting advice that makes a recommendation to a security
13 holder as to the security holder’s vote, consent, or author-
14 ization on a specific matter for which security holder ap-
15 proval is solicited, and that is furnished by a person that
16 markets the person’s expertise as a provider of such proxy
17 voting advice separately from other forms of investment
18 advice, and sells such proxy voting advice for a fee, shall
19 be considered to be false or misleading with respect to a
20 material fact.”.