

AMENDMENT TO H.R. 4173
OFFERED BY MR. SESSIONS OF TEXAS

Page 465, line 11, before “Section 14” insert “(a) SHAREHOLDER VOTE.—”.

Page 465, line 13, strike “subsection” and insert “subsections”.

Page 469, line 5, strike the closing quotation marks and the last period.

Page 469, after line 5, insert the following:

1 “(6) DISCLOSURE OF ACTIVITIES TO INFLU-
2 ENCE VOTE.—Notwithstanding paragraphs (1) or
3 (2)(B), a shareholder’s vote shall not be counted in
4 tabulating shareholder votes under such paragraphs
5 if the shareholder, whether in the shareholder’s indi-
6 vidual capacity or as part of a group of share-
7 holders, has directly or indirectly spent more than a
8 de minimus amount of money (as determined by the
9 Commission) on activities to influence the vote of
10 other shareholders, unless such shareholder discloses
11 to the Commission, in accordance with rules pre-
12 scribed by the Commission—

1 “(A) the identity of all persons or entities
2 engaged in such campaign;

3 “(B) the activities engaged by the share-
4 holder to influence voting; and

5 “(C) the amount of money expended by the
6 shareholder in consummating such campaign.

7 “(j) DISCLOSURES OF PROXY VOTING PROCESSES.—

8 “(1) IN GENERAL.—Each investment company
9 shall meet the requirements of this subsection and
10 the rules or regulations promulgated by the Commis-
11 sion pursuant to paragraph (5).

12 “(2) CRITERIA.—The Commission shall, by
13 rule, establish the criteria for disclosure and report-
14 ing requirements for the purpose of ensuring that fi-
15 duciary duties are being fulfilled. Such rules shall be
16 used to ensure that proxy or consent solicitations or
17 decisions are complying with applicable fiduciary
18 standards.

19 “(3) DISCLOSURES.—Each investment company
20 shall be required to disclose, at least on an annual
21 basis—

22 “(A) its internal processes, procedures and
23 controls associated with voting the proxy votes
24 for the shares which the investment company
25 possesses;

1 “(B) whether the investment company re-
2 tains an outside proxy advisory firm or consult-
3 ant to facilitate the proxy voting process and, if
4 so, the name of the outside proxy advisory firm,
5 the compensation arrangement, the role of the
6 outside proxy advisory firm, and to what extent
7 the investment company votes consistent with
8 the advice of the outside proxy advisory or con-
9 sulting firm;

10 “(C) the process being used by the man-
11 agement of the investment company in deter-
12 mining which proxy advisory firm or firms to
13 engage for proxy advisory services and the ex-
14 tent to which the investment company engages
15 the proxy advisory firm or firms in regard to
16 such proxy advisory services; and

17 “(D) the process used and the extent to
18 which the management of the investment com-
19 pany investigates at the time of engaging a
20 proxy advisory firm or firms and on an ongoing
21 basis possible conflicts of interest with respect
22 to the proxy advisory firm or firms that it en-
23 gages for proxy advisory services, including the
24 extent to which the management of the invest-
25 ment company was aware, at the time of the

1 engagement or at any time thereafter, of com-
2 panies in their portfolio having hired the same
3 proxy advisory firms to perform similar con-
4 sulting or proxy advisory services.

5 “(4) EXEMPTIVE AUTHORITY.—The Commis-
6 sion may exempt certain categories of investment
7 companies from the requirements of this section,
8 where appropriate in view of the purpose of this sec-
9 tion. In determining appropriate exemptions, the
10 Commission shall take into account, among other
11 considerations that the Commission may deem nec-
12 essary, the potential impact on fair disclosure and
13 improving retail shareholder participation.

14 “(5) RULEMAKING.—Not later than 1 year
15 after the date of the enactment of the Wall Street
16 Reform and Consumer Protection Act of 2009, the
17 Commission shall issue rules and regulations to im-
18 plement this subsection.

19 “(6) STUDY AND REPORT.—The Commission
20 shall conduct a study on improving retail share-
21 holder participation with respect to shareholder advi-
22 sory votes. The Commission’s report shall focus on
23 the effects of such proxy advisory firms on the proc-
24 ess of shareholder voting, the outcome of share-
25 holder voting and, specifically, whether the role of

1 proxy advisory firms helps investors fulfill or abdicate
2 their fiduciary duties. Not later than 6 months
3 after the date of enactment of Wall Street Reform
4 and Consumer Protection Act of 2009, the Commis-
5 sion shall submit a report to Congress on the results
6 of the study and review required by this para-
7 graph.”.

8 (b) COMPENSATION DISCLOSURE REQUIREMENTS.—
9 Section 30(e) of the Investment Company Act of 1940 (15
10 U.S.C. 80a-29(e)) is amended by striking paragraph (5)
11 and inserting the following new paragraph:

12 “(5) a statement of the aggregate remuneration
13 paid by the company during the period covered by
14 the report, with the content, presentation, and for-
15 mat of the statement provided in accordance with
16 the rules and regulations prescribed by the Commis-
17 sion pursuant to the authority provided in section
18 13(a) of the Securities Exchange Act of 1934; and”.

19 (c) PUBLIC DISCLOSURE OF OWNERSHIP.—Section
20 13(d) of the Securities Exchange Act of 1940 (15 U.S.C.
21 78m) is amended by striking paragraph (1) and inserting
22 the following new paragraph:

23 “(1) Any person who, after acquiring directly or
24 indirectly the beneficial ownership of any equity se-
25 curity of a class which is registered pursuant to sec-

1 tion 12, or any equity security of an insurance com-
2 pany which would have been required to be so reg-
3 istered except for the exemption contained in section
4 12(g)(2)(G), or any equity security issued by a
5 closed-end investment company registered under the
6 Investment Company Act of 1940, or any equity se-
7 curity issued by a Native Corporation pursuant to
8 section 37(d)(6) of the Alaska Native Claims Settle-
9 ment Act (43 U.S.C. 1629c(d)(6)), is directly or in-
10 directly the beneficial owner, whether that ownership
11 reflects a long or short position with respect to the
12 equity class of a security, of more than 3 per centum
13 of such class shall, within ten days after such acqui-
14 sition or such shorter period as prescribed by the
15 Commission, send to the issuer of the security at its
16 principal executive office, by registered or certified
17 mail, send to each exchange where the security is
18 traded, and file with the Commission, a statement
19 containing such of the following information, and
20 such additional information, as the Commission may
21 by rules and regulations, prescribe as necessary or
22 appropriate in the public interest or for the protec-
23 tion of investors.”.

