HR 4589

To amend the Securities Exchange Act of 1934 to provide for the registration of proxy advisory firms, and for other purposes.

Congress: 118 (2023–2025, Ended)
Chamber: House
Policy Area: Finance and Financial Sector
Introduced: Jul 12, 2023
Current Status: Referred to the House Committee on Financial Services.
Latest Action: Referred to the House Committee on Financial Services. (Jul 12, 2023)
Official Text: https://www.congress.gov/bill/118th-congress/house-bill/4589

Sponsor

Name: Rep. Steil, Bryan [R-WI-1]
Party: Republican • **State:** WI • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Referred To	Jul 12, 2023

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
118 HR 4790	Related bill	**Sep 23, 2024:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
118 HR 4767	Related bill	**Dec 19, 2023:** Placed on the Union Calendar, Calendar No. 263.

Summary (as of Jul 12, 2023)

This bill requires a proxy advisory firm to register with the Securities and Exchange Commission and prohibits an unregistered proxy advisory firm from using interstate commerce to provide proxy-voting advice, research, analysis, or recommendations to any client. (Proxy advisory firms provide voting services and advice to institutional investors in public companies for proposals presented at shareholder meetings.)

With respect to these firms, the bill establishes procedures and requirements for registration. Firms must certify that they will only provide advice that is in the best economic interest of the shareholders and that they have the experience to do so. The bill also requires each firm to employ an ombudsman, designate a compliance officer, and publicly disclose conflicts of interest and specified contact with outside entities.

Firms must provide issuers that are the subjects of the voting recommendations with the opportunity to access the data and information used to make recommendations and to provide the firm with any comments or corrections.

The bill (1) establishes a private right of action against a proxy advisory firm that endorses an approved proposal that is not supported by the issuer and is found to be illegal; and (2) prohibits unfair, coercive, or abusive practices by these firms.

Actions Timeline

- **Jul 12, 2023:** Introduced in House
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