

119TH CONGRESS
1ST SESSION

H. R. 3402

To amend the Securities Exchange Act of 1934 to require certain disclosures by institutional investment managers in connection with proxy advisory firms, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 14, 2025

Mr. LOUDERMILK introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To amend the Securities Exchange Act of 1934 to require certain disclosures by institutional investment managers in connection with proxy advisory firms, 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. DUTIES OF INVESTMENT ADVISORS, ASSET**
4 **MANAGERS, AND PENSION FUNDS.**

5 Section 13(f) of the Securities Exchange Act of 1934
6 (15 U.S.C. 78m(f)) is amended by adding at the end the
7 following:

1 “(7) DISCLOSURES BY INSTITUTIONAL INVESTMENT
2 MANAGERS IN CONNECTION WITH PROXY ADVISORY
3 FIRMS.—

4 “(A) IN GENERAL.—Every institutional invest-
5 ment manager which uses the mails, or any means
6 or instrumentality of interstate commerce in the
7 course of its business as an institutional investment
8 manager, which engages a proxy advisory firm, and
9 which exercises voting power with respect to ac-
10 counts holding equity securities of a class described
11 in subsection (d)(1) or otherwise becomes or is
12 deemed to become a beneficial owner of any security
13 of a class described in subsection (d)(1) upon the
14 purchase or sale of a security-based swap that the
15 Commission may define by rule, shall file an annual
16 report with the Commission containing—

17 “(i) an explanation of how the institutional
18 investment manager voted with respect to each
19 shareholder proposal;

20 “(ii) the percentage of votes cast on share-
21 holder proposals that were consistent with
22 proxy advisory firm recommendations, for each
23 proxy advisory firm retained by the institutional
24 investment manager;

25 “(iii) an explanation of—

1 “(I) how the institutional investment
2 manager took into consideration proxy ad-
3 visory firm recommendations in making
4 voting decisions, including the degree to
5 which the institutional investment manager
6 used those recommendations in making
7 voting decisions;

8 “(II) how often the institutional in-
9 vestment manager voted consistent with a
10 recommendation made by a proxy advisory
11 firm, expressed as a percentage;

12 “(III) how such votes are reconciled
13 with the fiduciary duty of the institutional
14 investment manager to vote in the best
15 economic interests of shareholders;

16 “(IV) how frequently votes were
17 changed when an error occurred or due to
18 new information from issuers; and

19 “(V) the degree to which investment
20 professionals of the institutional invest-
21 ment manager were involved in proxy vot-
22 ing decisions; and

23 “(iv) a certification that the voting deci-
24 sions of the institutional investment manager
25 were based solely on the best economic interest

1 of the shareholders on behalf of whom the insti-
2 tutional investment manager holds shares.

3 “(B) REQUIREMENTS FOR LARGER INSTITU-
4 TIONAL INVESTMENT MANAGERS.—Every institu-
5 tional investment manager described in subpara-
6 graph (A) that has assets under management with
7 an aggregate fair market value on the last trading
8 day in any of the preceding twelve months of at least
9 \$100,000,000,000 shall—

10 “(i) in any materials provided to customers
11 and related to customers voting their shares,
12 clarify that shareholders are not required to
13 vote on every proposal;

14 “(ii) with respect to each shareholder pro-
15 posal for which the institutional investment
16 manager votes (other than votes consistent with
17 the recommendation of a board of directors
18 composed of a majority of independent direc-
19 tors) perform an economic analysis before mak-
20 ing such vote, to determine that the vote is in
21 the best economic interest of the shareholders
22 on behalf of whom the institutional investment
23 manager holds shares; and

1 “(iii) include each economic analysis re-
2 quired under clause (ii) in the annual report re-
3 quired under subparagraph (A).

4 “(C) DEFINITIONS.—In this paragraph:

5 “(i) BEST ECONOMIC INTEREST.—The
6 term ‘best economic interest’ means decisions
7 that seek to maximize investment returns over
8 a time horizon consistent with the investment
9 objectives and risk management profile of the
10 fund in which shareholders are invested.

11 “(ii) PROXY ADVISORY FIRM.—The term
12 ‘proxy advisory firm’—

13 “(I) means any person who is pri-
14 marily engaged in the business of pro-
15 viding proxy voting advice, research, anal-
16 ysis, ratings, or recommendations to cli-
17 ents, which conduct constitutes a solici-
18 tation within the meaning of section 14; and

19 “(II) does not include any person that
20 is exempt under law or regulation from the
21 requirements otherwise applicable to per-
22 sons engaged in such a solicitation.”.

○