

119TH CONGRESS
1ST SESSION

S. 3055

To amend the Investment Advisers Act of 1940 to require proxy advisory firms to register as investment advisers under that Act, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 23, 2025

Mr. REED (for himself and Mr. TILLIS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Investment Advisers Act of 1940 to require proxy advisory firms to register as investment advisers under that Act, 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. SHORT TITLE.**

4 This Act may be cited as the “Corporate Governance
5 Fairness Act”.

6 **SEC. 2. PROXY ADVISORY FIRMS.**

7 The Investment Advisers Act of 1940 (15 U.S.C.
8 80b–1 et seq.) is amended—

9 (1) in section 202(a) (15 U.S.C. 80b–2(a))—

1 (A) in paragraph (11)—

2 (i) in the matter preceding subpara-
3 graph (A), by inserting “, and includes a
4 proxy advisory firm” after “promulgates
5 analyses or reports concerning securities”;
6 and

7 (ii) in subparagraph (F), by striking
8 “on behalf of others;” and inserting “on
9 behalf of others or acts as a proxy advisory
10 firm;”;

11 (B) by redesignating the second paragraph
12 (29) (relating to “commodity pool” and other
13 terms) as paragraph (31); and

14 (C) by adding at the end the following:

15 “(32)(A) The term ‘proxy advisory firm’—

16 “(i) subject to clause (ii), means any per-
17 son that is engaged in the business of providing
18 proxy voting research, analysis, ratings, or rec-
19 ommendations to investors in issuers by means
20 of written or oral statements that are reason-
21 ably designed to meet the objectives or needs of
22 specific clients, investors, or their accounts, in-
23 cluding proxy voting research, analysis, ratings,
24 or recommendations that are tailored to or re-

1 flect particular proxy voting guidelines devel-
2 oped or selected by investors; and

3 “(ii) does not include any person described
4 in clause (i) that, together with the parent, sub-
5 sidiaries, and affiliates of the person, receives
6 on a consolidated basis in a fiscal year gross re-
7 ceipts from the clients of the person in an
8 amount that is not more than \$5,000,000, as
9 adjusted annually by the Commission to reflect
10 the percentage change for the previous calendar
11 year in the gross domestic product of the
12 United States, as calculated by the Bureau of
13 Economic Analysis of the Department of Com-
14 merce, except that a person described in this
15 clause may choose to be considered a proxy ad-
16 visory firm for the purposes of this Act.

17 “(B) Notwithstanding any other provision of
18 law or regulation—

19 “(i) for the purposes of this Act, a proxy
20 advisory firm may not be considered to be ex-
21 cluded from the definition of the term ‘invest-
22 ment adviser’ under paragraph (11) because of
23 the application of subparagraph (D) of that
24 paragraph; and

1 “(ii) only the Commission, under subpara-
 2 graph (H) of paragraph (11), may designate a
 3 proxy advisory firm as a person described in
 4 that subparagraph, except that the Commission
 5 may not make such a designation if the proxy
 6 advisory firm is described in any of paragraphs
 7 (1) through (9) of section 203(e).”;
 8 (2) in section 203 (15 U.S.C. 80b–3), by add-
 9 ing at the end the following:

10 “(o) RULE OF CONSTRUCTION.—Nothing in sub-
 11 sections (b) through (n) may be construed to exempt a
 12 proxy advisory firm from the application of the provisions
 13 of subsection (a).”;

14 (3) in section 203A(a)(1) (15 U.S.C. 80b–
 15 3a(a)(1))—

16 (A) in subparagraph (A), by striking “or”
 17 at the end;

18 (B) in subparagraph (B), by striking the
 19 period at the end and inserting “; or”; and

20 (C) by adding at the end the following:

21 “(C) is a proxy advisory firm.”;

22 (4) in section 204 (15 U.S.C. 80b–4), by add-
 23 ing at the end the following:

24 “(g) EXAMINATION OF RECORDS OF PROXY ADVI-
 25 SORY FIRMS.—

1 “(1) PERIODIC AND SPECIAL EXAMINATIONS.—

2 The Commission—

3 “(A) shall—

4 “(i) beginning not later than 1 year
5 after the date of enactment of this sub-
6 section, conduct periodic inspections of the
7 records of proxy advisory firms in accord-
8 ance with a schedule established by the
9 Commission; and

10 “(ii) when conducting each inspection
11 under clause (i), review—

12 “(I) whether any proxy advisory
13 firm, with respect to any statement
14 made by the firm to a client of the
15 proxy advisory firm, knowingly—

16 “(aa) made any false state-
17 ment to the client; or

18 “(bb) omitted to state a ma-
19 terial fact that would be nec-
20 essary to make the statement to
21 the client not misleading; and

22 “(II) policies and programs re-
23 garding conflicts of interest at proxy
24 advisory firms; and

“(B) may conduct, in addition to the inspections conducted under subparagraph (A), at any time and from time to time, such additional, special, and other examinations of proxy advisory firms and the records of proxy advisory firms as the Commission may prescribe as necessary and appropriate in the public interest and for the protection of investors.

“(2) AVAILABILITY OF RECORDS.—A proxy advisory firm shall make available to the Commission any copies or extracts from the records described in subparagraph (A)(i) or (B) of paragraph (1), as applicable, as may be prepared without undue effort, expense, or delay, as the Commission or the representatives of the Commission may reasonably request.”; and

(5) in section 211(h) (15 U.S.C. 80b–11(h))—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and adjusting the margins accordingly;

(B) in the matter preceding subparagraph (A), as so redesignated, by striking “The Commission” and inserting the following:

“(1) IN GENERAL.—The Commission”;

(C) in paragraph (1), as so redesignated—

1 (i) in subparagraph (A), as so redesignated,
 2 nated, by striking “and” at the end;

3 (ii) in subparagraph (B), as so redesignated,
 4 ignated, by striking the period at the end
 5 and inserting “; and”; and

6 (iii) by adding at the end the following:
 7

8 “(C) not later than 2 years after the date
 9 of enactment of the Corporate Governance
 10 Fairness Act, and after consulting with all relevant
 11 stakeholders, submit to the Committee on
 12 Banking, Housing, and Urban Affairs of the
 13 Senate and the Committee on Financial Services
 14 of the House of Representatives a report
 15 that—

16 “(i) evaluates existing, as of the date
 17 on which the report is submitted—

18 “(I) policies and programs regarding conflicts of interest at proxy
 19 advisory firms; and
 20

21 “(II) policies and procedures at
 22 proxy advisory firms that are designed
 23 to avoid knowingly making any false
 24 statement, or omitting to state a material
 25 fact, that would be necessary to

1 make a statement to a client of the
2 proxy advisory firm not misleading;
3 and

4 “(ii) examines whether any additional
5 protection to investors under subparagraph
6 (B) would be helpful to those investors, in-
7 cluding policies and procedures that allow
8 investors to consider, in a reasonably time-
9 ly manner, material information that is
10 necessary for the investors to—

11 “(I) make informed investment
12 decisions; and

13 “(II) exercise any of the rights of
14 the investors that are conferred by se-
15 curities held by the investors.”; and

16 (D) by adding at the end the following:

17 “(2) UPDATES OF PROXY ADVISORY FIRMS RE-
18 PORT.—Not less frequently than once every 5 years,
19 beginning on the date on which the Commission sub-
20 mits the report required under paragraph (1)(C),
21 the Commission shall submit to the congressional
22 committees described in that paragraph an updated
23 version of that report, which shall evaluate whether
24 the existing rules of the Commission, as of the date
25 on which the applicable updated report is submitted,

1 sufficiently protect investors, including the ability of
2 investors to consider, in a reasonably timely manner,
3 material information that is necessary for the inves-
4 tors to—

5 “(A) make informed investment decisions;

6 and

7 “(B) exercise any of the rights of the in-
8 vestors that are conferred by securities held by
9 the investors.”.

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