To amend the Securities Exchange Act of 1934 to require the submission by issuers of data relating to diversity, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Improving Corporate Governance Through Diversity Act of 2021”.
SEC. 2. SUBMISSION OF DATA RELATING TO DIVERSITY BY ISSUERS.

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

“(s) SUBMISSION OF DATA RELATING TO DIVERSITY.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘executive officer’ has the meaning given the term in section 230.501(f) of title 17, Code of Federal Regulations, as in effect on the date of enactment of this subsection; and

“(B) the term ‘veteran’ has the meaning given the term in section 101 of title 38, United States Code.

“(2) SUBMISSION OF DISCLOSURE.—Each issuer required to file an annual report under subsection (a) shall disclose in any proxy statement and any information statement relating to the election of directors filed with the Commission the following:

“(A) Data, based on voluntary self-identification, on the racial, ethnic, and gender composition of—

“(i) the board of directors of the issuer;
“(ii) nominees for the board of directors of the issuer; and

“(iii) the executive officers of the issuer.

“(B) The status of any member of the board of directors of the issuer, any nominee for the board of directors of the issuer, or any executive officer of the issuer, based on voluntary self-identification, as a veteran.

“(C) Whether the board of directors of the issuer, or any committee of that board of directors, has, as of the date on which the issuer makes a disclosure under this paragraph, adopted any policy, plan, or strategy to promote racial, ethnic, and gender diversity among—

“(i) the board of directors of the issuer;

“(ii) nominees for the board of directors of the issuer; or

“(iii) the executive officers of the issuer.

“(3) ALTERNATIVE SUBMISSION.—In any 1-year period in which an issuer required to file an annual report under subsection (a) does not file with the Commission a proxy statement or an information
statement relating to the election of directors, the issuer shall disclose the information required under paragraph (2) in the first annual report of issuer that the issuer submits to the Commission after the end of that 1-year period.

“(4) **Annual Report.**—Not later than 18 months after the date of enactment of this subsection, and annually thereafter, the Commission shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and publish on the website of the Commission, a report that analyzes the information disclosed under paragraphs (2) and (3) and identifies any trends with respect to such information.

“(5) **Best Practices.**—

“(A) **In General.**—The Director of the Office of Minority and Women Inclusion of the Commission shall, not later than 3 years after the date of enactment of this subsection, and every 3 years thereafter, publish best practices for compliance with this subsection.

“(B) **Comments.**—The Director of the Office of Minority and Women Inclusion of the Commission may, pursuant to subchapter II of
chapter 5 of title 5, United States Code, solicit
public comments related to the best practices
published under subparagraph (A).”.

SEC. 3. DIVERSITY ADVISORY GROUP.

(a) DEFINITIONS.—For the purposes of this section:

(1) ADVISORY GROUP.—The term “Advisory Group” means the Diversity Advisory Group estab-
lished under subsection (b).

(2) COMMISSION.—The term “Commission” means the Securities and Exchange Commission.

(3) ISSUER.—The term “issuer” has the mean-
ing given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(b) ESTABLISHMENT.—The Commission shall estab-
lish a Diversity Advisory Group, which shall be composed of representatives from—

(1) the Federal Government and State and local governments;

(2) academia; and

(3) the private sector.

(c) STUDY AND RECOMMENDATIONS.—The Advisory Group shall—

(1) carry out a study that identifies strategies that can be used to increase gender, racial, and eth-
nic diversity among members of boards of directors
of issuers; and

(2) not later than 270 days after the date on
which the Advisory Group is established, submit to
the Commission, the Committee on Banking, Housing,
and Urban Affairs of the Senate, and the Com-
mittee on Financial Services of the House of Rep-
resentatives a report that—

(A) describes any findings from the study
conducted under paragraph (1); and

(B) makes recommendations regarding
strategies that issuers could use to increase
gender, racial, and ethnic diversity among
board members.

(d) Annual Report.—Not later than 1 year after
the date on which the Advisory Group submits the report
required under subsection (c)(2), and annually thereafter,
the Commission shall submit to the Committee on Bank-
ing, Housing, and Urban Affairs of the Senate and the
Committee on Financial Services of the House of Rep-
resentatives a report that describes the status of gender,
racial, and ethnic diversity among members of the boards
of directors of issuers.

(e) Public Availability of Reports.—The Com-
mission shall make all reports of the Advisory Group avail-
1 able to issuers and the public, including on the website
2 of the Commission.
3 (f) **INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.**—The Federal Advisory Committee Act (5
4 U.S.C. App.) shall not apply with respect to the Advisory
5 Group or the activities of the Advisory Group.