

# Union Calendar No. 518

116<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 1731

**[Report No. 116-633]**

To amend the Securities Exchange Act of 1934 to promote transparency  
in the oversight of cybersecurity risks at publicly traded companies.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 2019

Mr. HIMES (for himself, Mr. HECK, and Mr. MEEKS) introduced the following  
bill; which was referred to the Committee on Financial Services

DECEMBER 8, 2020

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on March 13, 2019]

# **A BILL**

To amend the Securities Exchange Act of 1934 to promote transparency in the oversight of cybersecurity risks at publicly traded companies.

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 “Cybersecurity Disclosure*  
5 *Act of 2019”.*

6 **SEC. 2. CYBERSECURITY TRANSPARENCY.**

7 *The Securities Exchange Act of 1934 (15 U.S.C. 78a*  
8 *et seq.) is amended by inserting after section 14B (15*  
9 *U.S.C. 78n–2) the following:*

10 **“SEC. 14C. CYBERSECURITY TRANSPARENCY.**

11 *“(a) DEFINITIONS.—In this section—*

12 *“(1) the term ‘cybersecurity’ means any action,*  
13 *step, or measure to detect, prevent, deter, mitigate, or*  
14 *address any cybersecurity threat or any potential cy-*  
15 *bersecurity threat;*

16 *“(2) the term ‘cybersecurity threat’—*

17 *“(A) means an action, not protected by the*  
18 *First Amendment to the Constitution of the*  
19 *United States, on or through an information sys-*  
20 *tem that may result in an unauthorized effort to*  
21 *adversely impact the security, availability, con-*  
22 *fidentiality, or integrity of an information sys-*  
23 *tem or information that is stored on, processed*  
24 *by, or transiting an information system; and*

1           “(B) does not include any action that solely  
2 involves a violation of a consumer term of service  
3 or a consumer licensing agreement;

4           “(3) the term ‘information system’—

5           “(A) has the meaning given the term in sec-  
6 tion 3502 of title 44, United States Code; and

7           “(B) includes industrial control systems,  
8 such as supervisory control and data acquisition  
9 systems, distributed control systems, and pro-  
10 grammable logic controllers;

11           “(4) the term ‘NIST’ means the National Insti-  
12 tute of Standards and Technology; and

13           “(5) the term ‘reporting company’ means any  
14 company that is an issuer—

15           “(A) the securities of which are registered  
16 under section 12; or

17           “(B) that is required to file reports under  
18 section 15(d).

19           “(b) *REQUIREMENT TO ISSUE RULES.*—Not later than  
20 360 days after the date of enactment of this section, the  
21 Commission shall issue final rules to require each reporting  
22 company, in the annual report of the reporting company  
23 submitted under section 13 or section 15(d) or in the an-  
24 nual proxy statement of the reporting company submitted  
25 under section 14(a)—

1           “(1) to disclose whether any member of the gov-  
2           erning body, such as the board of directors or general  
3           partner, of the reporting company has expertise or ex-  
4           perience in cybersecurity and in such detail as nec-  
5           essary to fully describe the nature of the expertise or  
6           experience; and

7           “(2) if no member of the governing body of the  
8           reporting company has expertise or experience in cy-  
9           bersecurity, to describe what other aspects of the re-  
10          porting company’s cybersecurity were taken into ac-  
11          count by any person, such as an official serving on  
12          a nominating committee, that is responsible for iden-  
13          tifying and evaluating nominees for membership to  
14          the governing body.

15          “(c) *CYBERSECURITY EXPERTISE OR EXPERIENCE.*—  
16          For purposes of subsection (b), the Commission, in consulta-  
17          tion with NIST, shall define what constitutes expertise or  
18          experience in cybersecurity using commonly defined roles,  
19          specialties, knowledge, skills, and abilities, such as those  
20          provided in NIST Special Publication 800–181, titled ‘Na-  
21          tional Initiative for Cybersecurity Education (NICE) Cy-  
22          bersecurity Workforce Framework’, or any successor there-  
23          to.”.

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