

[DISCUSSION DRAFT]

116TH CONGRESS
2^D SESSION

H. R. _____

To amend the Federal Reserve Act to require the Board of Governors of the Federal Reserve System to establish goals for the use of diverse investment advisers, brokers, and dealers in investment management agreements related to the Board of Governor’s unusual and exigent circumstances authority, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Federal Reserve Act to require the Board of Governors of the Federal Reserve System to establish goals for the use of diverse investment advisers, brokers, and dealers in investment management agreements related to the Board of Governor’s unusual and exigent circumstances authority, 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 “Emergency Lending
5 Diversity Act of 2020”.

1 **SEC. 2. REQUIREMENTS FOR INVESTMENT MANAGEMENT**
2 **AGREEMENTS.**

3 Section 13(3) of the Federal Reserve Act (12 U.S.C.
4 347d(3)) is amended by adding at the end the following:

5 “(F) REQUIREMENTS FOR INVESTMENT
6 MANAGEMENT AGREEMENTS.—

7 “(i) IN GENERAL.—With respect to
8 any investment management agreement en-
9 tered into by the Board of Governors of
10 the Federal Reserve System with respect
11 to any program or facility established
12 under this paragraph, the Board of Gov-
13 ernors shall set goals in such agreement
14 that require investment managers, to the
15 maximum extent possible, to utilize—

16 “(I) investment advisers and sub-
17 advisers that are diverse individual-
18 owned and controlled firms as inter-
19 mediaries; and

20 “(II) brokers and dealers that
21 are diverse individual-owned and con-
22 trolled firms.

23 “(ii) REPORT.—The Board of Gov-
24 ernors shall include, in the report required
25 under subparagraph (C), a description of
26 goals set pursuant to clause (i).

1 “(iii) DEFINITIONS.—For the pur-
2 poses of this subparagraph:

3 “(I) AFFILIATED PERSON.—The
4 term ‘affiliated person’ has the mean-
5 ing given that term under section 2(a)
6 of the Investment Company Act of
7 1940.

8 “(II) BROKER.—The term
9 ‘broker’ has the meaning given that
10 term under section 3 of the Securities
11 Exchange Act of 1934.

12 “(III) DEALER.—The term ‘deal-
13 er’ has the meaning given that term
14 under section 3 of the Securities Ex-
15 change Act of 1934.

16 “(IV) DIVERSE INDIVIDUAL-
17 OWNED AND CONTROLLED FIRM.—
18 The term ‘diverse individual-owned
19 and controlled firm’ means a firm—

20 “(aa) which is at least 51
21 percent owned by one or more in-
22 dividuals who are women, minori-
23 ties, or veterans; or

1 “(bb) whose management
2 and daily business operations
3 are—

4 “(AA) in the case of a
5 firm the shares of which are
6 traded on a national securi-
7 ties exchange, controlled by
8 a board with a majority of
9 members who are women,
10 minorities, or veterans; and

11 “(BB) in the case of
12 any other firm, at least 51
13 percent controlled by one or
14 more individuals who are
15 women, minorities, or vet-
16 erans.

17 “(V) INVESTMENT ADVISER.—
18 The term ‘investment adviser’ has the
19 meaning given the term in section
20 202(a)(11) of the Investment Advisers
21 Act of 1940.

22 “(VI) MINORITY.—The term ‘mi-
23 nority’ has the meaning given the
24 term in section 308(b) of the Finan-
25 cial Institutions Reform, Recovery,

1 and Enforcement Act of 1989 and
2 also includes any indigenous person in
3 the United States or its territories.

4 “(VII) VETERAN.—The term
5 ‘veteran’ has the meaning given the
6 term in section 101 of title 38, United
7 States Code.”.