[DISCUSSION DRAFT]

116TH CONGRESS
2D 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”.
SEC. 2. REQUIREMENTS FOR INVESTMENT MANAGEMENT AGREEMENTS.

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

“(F) REQUIREMENTS FOR INVESTMENT MANAGEMENT AGREEMENTS.—

“(i) IN GENERAL.—With respect to any investment management agreement entered into by the Board of Governors of the Federal Reserve System with respect to any program or facility established under this paragraph, the Board of Governors shall set goals in such agreement that require investment managers, to the maximum extent possible, to utilize—

“(I) investment advisers and sub-advisers that are diverse individual-owned and controlled firms as intermediaries; and

“(II) brokers and dealers that are diverse individual-owned and controlled firms.

“(ii) REPORT.—The Board of Governors shall include, in the report required under subparagraph (C), a description of goals set pursuant to clause (i).
“(iii) DEFINITIONS.—For the purposes of this subparagraph:

“(I) AFFILIATED PERSON.—The term ‘affiliated person’ has the meaning given that term under section 2(a)
of the Investment Company Act of 1940.

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

“(III) DEALER.—The term ‘dealer’ has the meaning given that term under section 3 of the Securities Exchange Act of 1934.

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

“(aa) which is at least 51 percent owned by one or more individuals who are women, minorities, or veterans; or
“(bb) whose management and daily business operations are—

“(AA) in the case of a firm the shares of which are traded on a national securities exchange, controlled by a board with a majority of members who are women, minorities, or veterans; and

“(BB) in the case of any other firm, at least 51 percent controlled by one or more individuals who are women, minorities, or veterans.

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

“(VI) MINORITY.—The term ‘minority’ has the meaning given the term in section 308(b) of the Financial Institutions Reform, Recovery,
and Enforcement Act of 1989 and also includes any indigenous person in the United States or its territories.

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