

**FINANCIAL SERVICES AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, 2023**

____, 2022.—Committed to the Committee of the Whole House on the State of the
Union and ordered to be printed

Mr. QUIGLEY of Illinois, from the Committee on Appropriations,
submitted the following

R E P O R T

[To accompany H.R. ____]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Financial Services and General Government for the fiscal year ending September 30, 2023.

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Prosecuting White Collar Criminals.—The Committee continues to have concerns over the threats to economic growth, financial stability, and national security posed by white-collar crimes and directs the SEC to work with the Department of Justice to prioritize Federal prosecution of white-collar criminals, particularly in cases of high-dollar crimes. The Committee again requests a report within 90 days of enactment of this Act on the SEC's prosecution efforts involving white-collar crimes over the past year.

Rental Income Securitizations.—The Committee urges the SEC to examine transparency and ratings requirements and procedures in the rental income securitizations market for issues that might contribute to financial or housing price instability.

E-Delivery.—The Committee supports efforts by the SEC to modernize how registered investment companies (including mutual funds, closed-end funds, and exchange-traded funds), business development companies, registered broker-dealers, registered advisers, registered transfer agents, and certain other SEC-regulated entities may satisfy their obligation to deliver regulatory documents to investors under the Federal securities laws using electronic means, or e-delivery, while delivering such information in paper via U.S. mail to any shareholder who requests it. Such changes will better satisfy investor preferences, reduce costs for investors, and facilitate positive and more timely investor engagement. The Committee expects any action by the SEC to incorporate investor protections, including allowing those investors who prefer paper communications to opt out of electronic delivery at any time and receive paper versions of documents.

Registered Index Linked Annuities.—The Committee is concerned that the current registration process for registered index linked annuities (RILAs) is cumbersome and requires significant information not needed for other registered insurance products. The Committee encourages the SEC to create a tailored filing form for RILAs.

Climate-Related Disclosures.—The Committee believes that effective climate risk mitigation and capital allocation requires a robust, standardized climate disclosure framework, for both financial and non-financial corporations. However, in the absence of international alignment on climate and broader environmental, social, and governance (ESG) disclosures, a patchwork of standards across jurisdictions may arise that will reduce the comparability and reliability of information provided by companies and weaken the ability of financial market participants to make informed sustainable investment decisions. The Committee encourages the SEC to leverage the recommendations of the Task Force on Climate-related Financial Disclosures, along with other globally recognized standards, to ensure better international alignment on climate-related disclosures.

Climate Change Risks to Municipal Bond Markets.—The Committee directs the SEC to provide to the Committee, within 180 days of enactment of this Act, a report on the long- and short-term risks that climate change may pose to the State and local municipal bond market.

Pre-Dispute Arbitration Contracts.—The Committee is concerned about proliferation of mandatory pre-dispute arbitration contracts by SEC-registered investment advisers. The Committee directs the SEC to gather detailed information about how such contracts are

used by SEC-registered investment advisers and the effect such contracts have on investors who are harmed by the conduct of advisers. When such contracts are used, the SEC shall gather information about whether a dispute resolution forum has been designated; whether particular forum rules are designated; whether a venue is designated; whether a class action waiver is included; whether there are limitations on claims that may be asserted or damages that may be awarded; whether the contract includes any fee shifting provision; whether any complaints have been filed against the advisor in accordance with the contract; and whether the firm has any arbitration awards or unpaid arbitration awards in the last five years. The SEC is directed to provide a report to the Committee and to the House Financial Services Committee within 180 days of enactment of this Act.

Workplace Harassment Claims.—Shareholders and the public should know whether corporations are expending company funds to resolve, settle, or litigate claims of workplace harassment, including sexual harassment. Investors may be dissuaded from investing in companies that spend significant shareholder funds on resolving harassment claims. The Committee directs the SEC to consider a rulemaking addressing this issue, including, but not limited to, by requiring the collection and reporting of data on annual 10-K forms from any entity that is required to file such a disclosure on the number of settlements reached, the number of judgments or awards entered against the entity, and the aggregate amounts paid in connection with any workplace harassment claim, without divulging information that would compromise the privacy of a claimant.

Workplace Diversity and Equity.—The Committee recognizes that women and people of color continue to be underrepresented in corporate leadership and face income discrimination throughout the workforce. Research has demonstrated that companies with more diverse leadership are more successful, and investors may seek to weigh the diversity and pay equity of a company's workforce in making investment decisions. The Committee directs the SEC to examine the prospect of requiring data on diversity and wage disparities in annual 10-K filings and brief the Committee on its evaluation within 180 days of enactment of this Act.

Digital Assets.—The Committee recognizes that digital assets can drive innovation in the financial services sector. New financial products require clear pathways and regulatory structures for stakeholders, developers, and investors. The Committee is concerned that enforcement action in the absence of regulatory clarity invokes confusion in the growing sector. The Committee encourages the SEC to issue public guidance that promotes U.S.-based innovation.

ADMINISTRATIVE PROVISION—SECURITIES AND EXCHANGE
COMMISSION

Section 540. The Committee includes a new provision restricting the use of funds to implement certain rules relating to proxy solicitations.