

STATE OF NEW YORK

3042

2021-2022 Regular Sessions

IN SENATE

January 27, 2021

Introduced by Sens. KRUEGER, GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the business corporation law, in relation to requiring at least one female director on every domestic corporation and foreign corporation whose principal place of business is located in New York state

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 702 of the business corporation law is amended by
2 adding a new paragraph (c) to read as follows:

3 (c)(1) On or before December 31, 2021, every publicly held domestic
4 corporation and foreign corporation whose principal executive office,
5 according to the corporation's SEC 10-K form, is located within the
6 state shall have at least one female director on its board. A corpo-
7 ration may increase the number of directors on its board to comply with
8 this subdivision.

9 (2) On or before December 31, 2023, every publicly held domestic
10 corporation and foreign corporation whose principal executive office,
11 according to the corporation's SEC 10-K form, is located within the
12 state shall increase the number of female directors on its board as
13 follows:

14 (a) If the board of directors consists of six or more members, the
15 corporation shall have at least three female directors;

16 (b) If the board of directors consists of five members, the corpo-
17 ration shall have at least two female directors; and

18 (c) If the board of directors consists of four or fewer members, the
19 corporation shall have at least one female director.

20 (3) On or before December 31, 2021, the department of state shall
21 publish a report on the number of domestic corporations and foreign
22 corporations whose principal executive office, according to the corpo-

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 ration's SEC 10-K form, is located in this state that have at least one
2 female director. Such report shall be made available on its website.

3 (4) On or before March 1, 2022, and annually thereafter, the depart-
4 ment of state shall publish a report on its website which shall include,
5 at a minimum:

6 (a) The number of publicly held domestic corporations and foreign
7 corporations subject to this subdivision that were in compliance with
8 the requirements of this paragraph at least once during the preceding
9 calendar year;

10 (b) The number of publicly held domestic corporations and foreign
11 corporations that moved their principal executive office to this state
12 from outside of the state or moved their principal executive office
13 outside of the state during the preceding calendar year; and

14 (c) The number of publicly held domestic corporations and foreign
15 corporations that were subject to this subdivision during the preceding
16 calendar year but are no longer publicly held.

17 (5)(a) The secretary of state may promulgate regulations to implement
18 the requirements of this paragraph. The secretary of state may impose
19 finances for violations of this paragraph as follows:

20 (1) For the first violation, the amount of one hundred thousand
21 dollars.

22 (2) For a second or subsequent violation, the amount of three hundred
23 thousand dollars.

24 (b) For purposes of this paragraph, each director seat required to be
25 held by a female, which is not held by a female for at least a portion
26 of a calendar year, shall be deemed a separate and distinct offense. Any
27 penalty collected pursuant to this paragraph shall be made available,
28 upon appropriation by the legislature, for use by the secretary of state
29 to offset the cost of administering this subdivision.

30 (6) For purposes of this subdivision, the following terms shall have
31 the following meanings:

32 (a) "Female" means an individual who self-identifies her gender as a
33 woman, without regard to the individual's designated sex at birth.

34 (b) "Publicly held" means having outstanding shares listed on a major
35 United States stock exchange.

36 § 2. Subdivision (a) of section 1319 of the business corporation law
37 is amended by adding a new paragraph 8 to read as follows:

38 (8) Subdivision (c) of Section 702 (Number of directors).

39 § 3. This act shall take effect immediately.