STATE OF NEW YORK

2548

2021-2022 Regular Sessions

IN ASSEMBLY

January 19, 2021

Introduced by M. of A. SEAWRIGHT -- read once and referred 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:

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

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

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

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

(b) If the board of directors consists of five members, the corporation shall have at least two female directors; and

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

(3) On or before December 31, 2021, the department of state shall publish a report on the number of domestic corporations and foreign 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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ration's SEC 10-K form, is located in this state that have at least one female director. Such report shall be made available on its website.

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 3. This act shall take effect immediately.