



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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March 22, 2021

The Honorable Jack Reed
United States Senator
728 Hart Senate Office Building
Washington, DC 20510

Re: S. 808, the “Cybersecurity Disclosure Act of 2021”

Dear Senator Reed:

On behalf of the North American Securities Administrators Association (NASAA)¹, I am writing to express support for S. 808, the “Cybersecurity Disclosure Act of 2021.”

The Cybersecurity Disclosure Act would require publicly traded companies to include in their annual disclosure filings with the U.S. Securities and Exchange Commission (“SEC”) information detailing whether any member of their governing body, such as their board of directors or general partner, possesses expertise or experience in cybersecurity. If no member has such expertise or experience, companies would be required to detail what, if any, other cybersecurity considerations were considered by the persons responsible for identifying and evaluating nominees for the governing body.

For nearly a decade, the list of public companies and financial institutions targeted by organized cyber-attacks has continued to grow with ever-increasing frequency. Over the past year, moreover, this threat has accelerated further due in part to the COVID-19 pandemic. Because many millions of Americans are conducting much or most of their lives online – and because an unprecedented number of U.S. employees are working remotely – cybercriminals and scammers have an abundance of opportunities to infiltrate business security networks to install malware, steal personally identifiable information (“PII”) of customers and clients, and create other problems.

Incentivizing publicly traded companies to consider whether they have appropriate cybersecurity expertise on their governing body is a common-sense way to promote greater attention to cybersecurity risk by public corporations. Investors and customers are well-served by policies that encourage companies to consider such risks proactively, as opposed to after a data breach has already occurred when investors and customers have already been harmed. Importantly, S. 808 does not require companies to do anything beyond disclosing information; the bill

¹ The oldest international organization devoted to investor protection, the North American Securities Administrators, Inc. was organized in 1919. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, Mexico, Puerto Rico and the U.S. Virgin Islands. NASAA is the voice of securities agencies responsible for grass-roots investor protection and efficient capital formation.

encourages companies to act in their own best interests by creating an incentive for them to prioritize cybersecurity expertise at the senior levels of leadership.

NASAA shares Congress's interest in addressing the threat cybersecurity risk has on public companies and investors. We are pleased to support S. 808, and we urge its passage.

Thank you for your consideration of NASAA's views. If we may be of further assistance, please do not hesitate to contact me or Michael Canning, NASAA's Director of Policy and Government Affairs, at (202) 737-0900.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Hopkins", written in a cursive style.

Lisa Hopkins
NASAA President
General Counsel and Senior Deputy Commissioner of Securities, West Virginia