

[DISCUSSION DRAFT]

113TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to provide protections for retail customers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. WAGNER introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Securities Exchange Act of 1934 to provide protections for retail customers, 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. AMENDMENTS TO THE SECURITIES EXCHANGE**

4 **ACT OF 1934.**

5 The second subsection (k) of section 15 of the Securi-
6 ties Exchange Act of 1934 (15 U.S.C. 78o(k)), as added
7 by section 913(g)(1) of the Dodd-Frank Wall Street Re-
8 form and Consumer Protection Act (12 U.S.C. 5301 et
9 seq.), is amended by adding at the end the following:

1 “(3) REQUIREMENTS PRIOR TO RULEMAKING.—

2 The Commission shall not promulgate a rule pursu-
3 ant to paragraph (1) before—

4 “(A) identifying if retail customers (and
5 such other customers as the Commission may
6 by rule provide) are being harmed due to bro-
7 kers or dealers operating under different stand-
8 ards of conduct than those standards that apply
9 to investment advisers under section 211 of the
10 Investment Advisers Act of 1940 (15 U.S.C.
11 80b-11); and

12 “(B) conducting an assessment by the
13 chief economist of the Commission that assesses
14 the qualitative and quantitative costs and bene-
15 fits of the rule; and

16 “(C) the Commission, based on the assess-
17 ment described in subparagraph (B)—

18 “(i) determines that the benefits of
19 the rule justify its costs;

20 “(ii) identifies and assesses available
21 alternatives to the rule that were consid-
22 ered, including modification of an existing
23 regulation, together with an explanation of
24 why the rule meets the regulatory objec-

1 tives more effectively than the alternatives;
2 and

3 “(iii) ensures that the rule is acces-
4 sible, consistent, written in plain language,
5 and easy to understand, and that the rule
6 shall measure and seek to improve the ac-
7 tual results of regulatory requirements.

8 “(4) REQUIREMENTS FOR PROMULGATING A
9 RULE.—The Commission shall publish in the Fed-
10 eral Register alongside the rule promulgated pursu-
11 ant to paragraph (1) formal findings that such rule
12 would reduce the confusion of a retail customer (and
13 such other customers as the Commission may by
14 rule provide) about standards of conduct applicable
15 to brokers, dealers, and investment advisers.

16 “(5) ENSURING CONSISTENCY FOR STANDARDS
17 OF CONDUCT.—The Commission shall take all nec-
18 essary and appropriate steps to coordinate retail
19 customer standards of conduct with other Federal
20 agencies to minimize conflicts among regulations
21 promulgated by other Federal agencies.

22 “(6) REQUIREMENTS UNDER INVESTMENT AD-
23 VISERS ACT OF 1940.—The Commission shall not
24 propose rules under paragraph (1) for brokers or
25 dealers unless the Commission also proposes rules

1 under the Investment Advisers Act of 1940 (15
2 U.S.C. 80b-1 et seq.) in the same rulemaking to ad-
3 dress any harm to retail customers resulting from
4 differences in the registration, supervision, and ex-
5 amination requirements applicable to brokers, deal-
6 ers, and investment advisers.”.