

113TH CONGRESS  
1ST SESSION

# H. R. 2374

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

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 14, 2013

Mrs. WAGNER introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## 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. SHORT TITLE.**

4 This Act may be cited as the “Retail Investor Protec-  
5 tion Act”.

6 **SEC. 2. STAY ON RULES DEFINING CERTAIN FIDUCIARIES.**

7 After the date of enactment of this Act, the Secretary  
8 of Labor shall not prescribe any regulation under the Em-  
9 ployee Retirement Income Security Act of 1974 (29

1 U.S.C. 1001 et seq.) defining the circumstances under  
2 which an individual is considered a fiduciary until the date  
3 that is 60 days after the Securities and Exchange Com-  
4 mission issues a final rule relating to standards of conduct  
5 for brokers and dealers pursuant to the second subsection  
6 (k) of section 15 of the Securities Exchange Act of 1934  
7 (15 U.S.C. 78o(k)).

8 **SEC. 3. AMENDMENTS TO THE SECURITIES EXCHANGE ACT**  
9 **OF 1934.**

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

15 “(3) REQUIREMENTS PRIOR TO RULEMAKING.—

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

18 “(A) identifying if retail customers (and  
19 such other customers as the Commission may  
20 by rule provide) are being systematically  
21 harmed or disadvantaged due to brokers or  
22 dealers operating under different standards of  
23 conduct than those standards that apply to in-  
24 vestment advisors under section 211 of the In-

1 investment Advisers Act of 1940 (15 U.S.C. 80b–  
2 11);

3 “(B) identifying whether the adoption of a  
4 uniform fiduciary standard of care for brokers  
5 or dealers and investment advisors would ad-  
6 versely impact retail investor access to personal-  
7 ized investment advice, recommendations about  
8 securities, or the availability of such advice and  
9 recommendations;

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

14 “(D) the Commission, based on the assess-  
15 ment described in subparagraph (B)—

16 “(i) determines that the benefits of  
17 the rule justify its costs;

18 “(ii) identifies and assesses available  
19 alternatives to the rule that were consid-  
20 ered, including modification of an existing  
21 regulation, simplification of disclosures re-  
22 garding standards of care that apply to  
23 brokers or dealers and those that apply to  
24 investment advisors, together with an ex-  
25 planation of why the rule meets the regu-

1 latory objectives more effectively than the  
2 alternatives; 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 advisors.

16 “(5) REQUIREMENTS UNDER INVESTMENT AD-  
17 VISERS ACT OF 1940.—In proposing rules under  
18 paragraph (1) for brokers or dealers, the Commis-  
19 sion shall consider the differences in the registration,  
20 supervision, and examination requirements applica-  
21 ble to brokers, dealers, and investment advisors.”.

○