

# Union Calendar No. 691

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7187

[Report No. 119-791]

To amend the Securities Exchange Act of 1934 to provide an exemption from the definition of a broker for a certain registered representative-owned personal services entity, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 21, 2026

Mr. NUNN of Iowa (for himself and Mr. MEEKS) introduced the following bill;  
which was referred to the Committee on Financial Services

SEPTEMBER 1, 2026

Additional sponsors: Ms. PETTERSEN, Mr. LAWLER, Mr. STUTZMAN, Mr. GARBARINO, Ms. MCBRIDE, Mr. MOORE of North Carolina, Mr. TIMMONS, Mrs. KIM, Ms. DE LA CRUZ, Mr. KENNEDY of New York, and Mr. MORAN

SEPTEMBER 1, 2026

Reported with amendments, committed to the Committee of the Whole House  
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on January 21, 2026]

# **A BILL**

To amend the Securities Exchange Act of 1934 to provide an exemption from the definition of a broker for a certain registered representative-owned personal services entity, 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 “Clarity for Compensa-*  
 5 *tion Act”.*

6 **SEC. 2. BROKER DEFINITION EXCEPTION FOR REGISTERED**  
 7 **REPRESENTATIVE-OWNED PERSONAL SERV-**  
 8 **ICES ENTITY.**

9 *(a) IN GENERAL.—Section 3(a)(4) of the Securities*  
 10 *Exchange Act of 1934 (15 U.S.C. 78c(a)(4)) is amended by*  
 11 *adding at the end the following:*

12 *“(G) EXCEPTION FOR REGISTERED REP-*  
 13 *RESENTATIVE-OWNED PERSONAL SERVICES ENTI-*  
 14 *TY.—*

15 *“(i) IN GENERAL.—A personal services*  
 16 *entity shall not be considered a broker solely*  
 17 *by reason of receiving compensation on be-*  
 18 *half of a registered representative from that*  
 19 *representative’s registered broker at the di-*  
 20 *rection of such representative, if—*

21 *“(I) the representative’s registered*  
 22 *broker instructs or otherwise approves*  
 23 *the amount and timing of the payment*  
 24 *and maintains records regarding the*  
 25 *payment made;*

1           “(II) the personal services entity  
2           does not hold itself out as a broker;

3           “(III) the personal services entity  
4           does not engage in any other broker ac-  
5           tivity, other than the receipt of com-  
6           pensation on behalf of the registered  
7           representative;

8           “(IV) the representative’s reg-  
9           istered broker maintains adequate su-  
10          pervision and control over the reg-  
11          istered representative and the personal  
12          services entity;

13          “(V) the representative’s registered  
14          broker and the personal services entity  
15          have a written agreement governing  
16          their relationship and the responsibil-  
17          ities of each party regarding com-  
18          pensation arrangements;

19          “(VI) the personal services entity  
20          is only owned by—

21                 “(aa) the registered rep-  
22                 resentative;

23                 “(bb) if the registered rep-  
24                 resentative is an individual, im-

1                    *mediate family members of the*  
2                    *registered representative; or*

3                    *“(cc) entities wholly owned*  
4                    *by—*

5                    *“(AA) the registered*  
6                    *representative; or*

7                    *“(BB) if the registered*  
8                    *representative is an indi-*  
9                    *vidual, immediate family*  
10                   *members of the registered*  
11                   *representative;*

12                   *“(VII) the personal services entity*  
13                   *meets such other requirements as the*  
14                   *Commission may prescribe, by rule;*  
15                   *and*

16                   *“(VIII) the personal services enti-*  
17                   *ty, with respect solely to the resolution*  
18                   *of disputes with, and recovery by, cus-*  
19                   *tomers—*

20                   *“(aa) agrees in writing—*

21                   *“(AA) to submit to the*  
22                   *jurisdiction of a dispute reso-*  
23                   *lution forum of the applica-*  
24                   *ble self-regulatory organiza-*  
25                   *tion solely for the purposes of*

1                   enforcement of any award  
2                   rendered against the reg-  
3                   istered representative arising  
4                   from the securities business of  
5                   the registered representative;  
6                   and

7                   “(BB) to be bound by  
8                   any such award to the extent  
9                   of assets held by the personal  
10                  services entity; and

11                  “(bb) remains subject to all  
12                  financial obligations, liabilities,  
13                  and remedies of the registered rep-  
14                  resentative under applicable Fed-  
15                  eral securities laws, the rules of  
16                  the applicable self-regulatory or-  
17                  ganization, and the securities  
18                  laws of any State with respect to  
19                  such securities business.

20                  “(ii) *OVERSIGHT AND EXAMINATION.*—

21                  *In order to ensure that a personal services*  
22                  *entity that is not considered a broker by*  
23                  *reason of this subparagraph continues to*  
24                  *meet the requirements for the exception*  
25                  *under this subparagraph, the personal serv-*

1            *ices entity shall maintain, and make avail-*  
2            *able upon request to the Commission and*  
3            *the applicable self-regulatory organization,*  
4            *all books and records in the possession of the*  
5            *personal services entity that—*

6                    *“(I) the broker from which the*  
7                    *personal services entity receives com-*  
8                    *pensation is required to maintain and*  
9                    *make available to the Commission and*  
10                   *the applicable self-regulatory organiza-*  
11                   *tion; and*

12                   *“(II) the Commission determines*  
13                   *necessary and appropriate to dem-*  
14                   *onstrate that the personal services enti-*  
15                   *ty continues to meet the requirements*  
16                   *for the exception under this subpara-*  
17                   *graph.*

18                   *“(iii) DEFINITIONS.—In this subpara-*  
19                   *graph:*

20                   *“(I) APPLICABLE SELF-REGU-*  
21                   *LATORY ORGANIZATION.—With respect*  
22                   *to a personal services entity or a reg-*  
23                   *istered representative of a broker, the*  
24                   *term ‘applicable self-regulatory organi-*  
25                   *zation’ means each self-regulatory or-*

ganization with which the related broker is required to be registered.

“(II) *BROKER ACTIVITY*.—The term ‘broker activity’ means an activity undertaken by a broker or a dealer who is registered, or required to be registered, under this Act.

“(III) *IMMEDIATE FAMILY MEMBER*.—With respect to an individual, the term ‘immediate family member’ means a spouse, child, parent, brother, sister, grandparent, grandchild, step-parent, stepchild, stepbrother, or step-sister of the individual.

“(IV) *PERSONAL SERVICES ENTITY*.—The term ‘personal services entity’ means an entity that is established by a registered representative to receive compensation for the services of the registered representative and for other activity that is not securities-related.

“(V) *REGISTERED REPRESENTATIVE*.—With respect to a broker, the term ‘registered representative’ means a person who is—

1 “(aa) an ‘associated person  
2 of a broker or dealer’ with respect  
3 to the broker; and

4 “(bb) registered with the ap-  
5 plicable self-regulatory organiza-  
6 tion.”.

7 (b) *EFFECTIVE DATE.*—Section 3(a)(4)(G) of the Secu-  
8 rities Exchange Act of 1934, as added by subsection (a),  
9 shall take effect on the date that is 180 days after the date  
10 of the enactment of this Act.

Amend the title so as to read: “A bill to amend the Securities Exchange Act of 1934 to provide an exception from the definition of a broker for a certain registered representative-owned personal services entity, and for other purposes.”.

Union Calendar No. 691

119<sup>TH</sup> CONGRESS  
2D Session

**H. R. 7187**

[Report No. 119-791]

**A BILL**

To amend the Securities Exchange Act of 1934 to provide an exemption from the definition of a broker for a certain registered representative-owned personal services entity, and for other purposes.

SEPTEMBER 1, 2026

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed