

108TH CONGRESS  
2D SESSION

# H. R. 3863

To improve the access of investors to regulatory records with respect to securities brokers, dealers, and investment advisers.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2004

Mr. SHADEGG introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To improve the access of investors to regulatory records with respect to securities brokers, dealers, and investment advisers.

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 “Realtime Investor Pro-  
5       tection Act”.

6       **SEC. 2. CONSTITUTIONAL AUTHORITY.**

7       The constitutional authority on which this Act rests  
8       is the power of Congress to regulate commerce as enumer-  
9       ated in article I, section 8 of the United States Constitu-  
10      tion.

1 **SEC. 3. METHOD OF MAINTAINING BROKER/DEALER REG-**  
2 **ISTRATION, DISCIPLINARY, AND OTHER**  
3 **DATA.**

4 Subsection (i) of section 15A of the Securities Ex-  
5 change Act of 1934 (15 U.S.C. 78o-3(i)) is amended to  
6 read as follows:

7 “(i) OBLIGATION TO MAINTAIN REGISTRATION, DIS-  
8 CIPLINARY AND OTHER DATA.—

9 “(1) MAINTENANCE OF SYSTEM TO RESPOND  
10 TO INQUIRIES.—A registered securities association  
11 shall—

12 “(A) establish and maintain a system for  
13 collecting and retaining registration informa-  
14 tion;

15 “(B) establish and maintain a toll-free  
16 telephone listing, and a readily accessible elec-  
17 tronic or other process, to receive and promptly  
18 respond to inquiries regarding—

19 “(i) registration information on its  
20 members and their associated persons; and

21 “(ii) registration information on the  
22 members and their associated persons of  
23 any registered national securities exchange  
24 that uses the system described in subpara-  
25 graph (A) for the registration of its mem-  
26 bers and their associated persons; and

1           “(C) adopt rules governing the process for  
2           making inquiries and the type, scope, and pres-  
3           entation of information to be provided in re-  
4           sponse to such inquiries in consultation with  
5           any registered national securities exchange pro-  
6           viding information pursuant to subparagraph  
7           (B)(ii).

8           “(2) RECOVERY OF COSTS.—Such an associa-  
9           tion may charge persons making inquiries, other  
10          than individual investors, reasonable fees for re-  
11          sponses to such inquiries.

12          “(3) PROCESS FOR DISPUTED INFORMATION.—  
13          Such an association shall adopt rules establishing an  
14          administrative process for disputing the accuracy of  
15          information provided in response to inquiries under  
16          this subsection in consultation with any registered  
17          national securities exchange providing information  
18          pursuant to paragraph (1)(B)(ii).

19          “(4) LIMITATION OF LIABILITY.—Such an asso-  
20          ciation, or exchange reporting information to such  
21          an association, shall not have any liability to any  
22          person for any actions taken or omitted in good  
23          faith under this subsection.

24          “(5) DEFINITION.—For purposes of this sub-  
25          section, the term ‘registration information’ means

1 the information reported in connection with the reg-  
 2 istration or licensing of brokers and dealers and  
 3 their associated persons, including disciplinary ac-  
 4 tions, regulatory, judicial, and arbitration pro-  
 5 ceedings, and other information required by law, or  
 6 exchange or association rule, and the source and sta-  
 7 tus of such information.”.

8 **SEC. 4. FILING DEPOSITORIES FOR INVESTMENT ADVIS-**  
 9 **ERS.**

10 (a) AMENDMENT.—Section 204 of the Investment  
 11 Advisers Act of 1940 (15 U.S.C. 80b–4) is amended—

12 (1) by striking “Every investment” and insert-  
 13 ing the following:

14 “(a) IN GENERAL.—Every investment”; and

15 (2) by adding at the end the following:

16 “(b) FILING DEPOSITORIES.—The Commission may,  
 17 by rule, require an investment adviser—

18 “(1) to file with the Commission any fee, appli-  
 19 cation, report, or notice required to be filed by this  
 20 title or the rules issued under this title through any  
 21 entity designated by the Commission for that pur-  
 22 pose; and

23 “(2) to pay the reasonable costs associated with  
 24 such filing and the establishment and maintenance  
 25 of the systems required by subsection (c).

1 “(c) ACCESS TO DISCIPLINARY AND OTHER INFOR-  
2 MATION.—

3 “(1) MAINTENANCE OF SYSTEM TO RESPOND  
4 TO INQUIRIES.—The Commission shall require the  
5 entity designated by the Commission under sub-  
6 section (b)(1) to establish and maintain a toll-free  
7 telephone listing, and a readily accessible electronic  
8 or other process, to receive and promptly respond to  
9 inquiries regarding registration information (includ-  
10 ing disciplinary actions, regulatory, judicial, and ar-  
11 bitration proceedings, and other information re-  
12 quired by law or rule to be reported) involving in-  
13 vestment advisers and persons associated with in-  
14 vestment advisers.

15 “(2) RECOVERY OF COSTS.—An entity des-  
16 ignated by the Commission under subsection (b)(1)  
17 may charge persons making inquiries, other than in-  
18 dividual investors, reasonable fees for responses to  
19 inquiries made under paragraph (1).

20 “(3) LIMITATION ON LIABILITY.—An entity  
21 designated by the Commission under subsection  
22 (b)(1) shall not have any liability to any person for  
23 any actions taken or omitted in good faith under  
24 this subsection.”.

25 (b) CONFORMING AMENDMENTS.—

1           (1) Section 203A of the Investment Advisers  
2       Act of 1940 (15 U.S.C. 80b–3a) is amended—

3                   (A) by striking subsection (d); and

4                   (B) by redesignating subsection (e) as sub-  
5       section (d).

6           (2) Section 306 of the National Securities Mar-  
7       kets Improvement Act of 1996 (15 U.S.C. 80b–10,  
8       note; Public Law 104–290; 110 Stat. 3439) is re-  
9       pealed.

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