[DISCUSSION DRAFT]

117TH CONGRESS
1ST SESSION
H. R. ______

To amend the Securities Exchange Act of 1934 to prohibit the consideration of convictions older than 5 years when making certain determinations under the securities laws, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. ______ introduced the following bill; which was referred to the Committee on ______

A BILL

To amend the Securities Exchange Act of 1934 to prohibit the consideration of convictions older than 5 years when making certain determinations under the securities laws, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “[To be added Act of 2021]”.
SEC. 2. FINDING.

The Congress finds that the following studies support a 5-year look-back period when convictions are considered by the Securities and Exchange Commission:


SEC. 3. LIMITATION ON THE CONSIDERATION OF CONVICTIONS.

(a) In General.—Section 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78w) is amended by adding at the end the following:

“(e) LIMITATION ON THE CONSIDERATION OF CONVICTIONS.—For purposes of any determination under the securities laws of whether an individual is qualified to be registered as a broker, dealer, or any other position requiring registration or whether an individual may take advantage of any exemption or other benefit conveyed under the securities laws, the Commission (and any other person making such a determination) may not—

“(1) take into account any conviction of such individual for any offense, where such conviction occurred more than 5 years prior to the date of such determination;

“(2) request or accept information related to such a conviction that occurred more than 5 years prior to the date of such determination; or

“(3) take into account any conviction if the individual was pardoned with respect to such conviction.”.

(b) Conforming Amendments.—

(1) Brokers and Dealers.—Section 15(b)(4)(B) of the Securities Exchange Act of 1934
(15 U.S.C. 78o(b)(4)(B)) is amended by striking “ten years” and inserting “5 years”.

(2) INVESTMENT ADVISERS.—Section 203(e) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3(e)) is amended—

(A) in paragraph (2), by striking “ten years” and inserting “5 years”; and

(B) in paragraph (3), by striking “10-year” and inserting “5-year”.

(3) INVESTMENT ADVISER ASSOCIATED PERSONS.—Section 203(f) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3(f)) is amended by striking “ten years” and inserting “5 years”.

(4) INVESTMENT COMPANY AFFILIATED PERSONS.—Section 9 of the Investment Company Act of 1940 (15 U.S.C. 80a–9) is amended—

(A) in subsection (a)(1), by striking “10 years” and inserting “5 years”; and

(B) in subsection (b)(5), by striking “10 years” and inserting “5 years”.

(5) MUNICIPAL SECURITIES DEALERS AND ADVISORS.—Section 15B(c)(2) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–4(c)(2)) is amended by striking “ten years” and inserting “5 years”.


(A) in subparagraph (A), by striking “10-year” and inserting “5-year”; and

(B) in subparagraph (B), by striking “10-year” and inserting “5-year”.


(8) Transfer agents.—Section 17A(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78q–1(c)(3)(A)) is amended—

(A) in paragraph (3)(A), by striking “ten years” and inserting “5 years”; and

(B) in paragraph (4)(C), by striking “ten years” and inserting “5 years”.