[DISCUSSION DRAFT]

117TH CONGRESS  1ST SESSION  H. R. _____

To amend the Securities Exchange Act of 1934 to establish a grant program to fund qualified investor advocacy clinics, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

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

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A BILL

To amend the Securities Exchange Act of 1934 to establish a grant program to fund qualified investor advocacy clinics, 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 “Investor Justice Act of 2021”.
5
SEC. 2. GRANTS TO QUALIFIED INVESTOR ADVOCACY CLINICS.

(a) FUNCTIONS OF INVESTOR ADVOCATE.—Section 4(g)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(g)(4)) is amended—

(1) in subparagraph (D)(ii), by striking “and” at the end;

(2) in subparagraph (E), by striking the period at the end and inserting “; and”;

(3) by adding at the end the following new sub-
paragraph:

“(F) administer the grant program established under paragraph (9).”.

(b) GRANT PROGRAM.—Section 4(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(g)) is amended by adding at the end the following new paragraph:

“(9) GRANTS TO QUALIFIED INVESTOR ADVOCACY CLINICS.—

“(A) GRANT AUTHORITY.—The Investor Advocate may make grants, on a competitive basis, to qualified investor advocacy clinics in accordance with this paragraph.

“(B) APPLICATIONS.—To be eligible for a grant under subparagraph (A), a qualified investor advocacy clinic shall submit to the Investor Advocate an application at such time, in
such form, and containing such information as
the Investor Advocate may require, including
information with respect to—

“(i) the number of investors in the
geographical area served by the clinic;

“(ii) other similar entities serving the
same population;

“(iii) the quality of the program of-
fered by the clinic, including—

“(I) the qualifications of the ad-
ministrators and qualified representa-
tives of the clinic; and

“(II) the record of the clinic, if
any, in providing legal and edu-
cational services to investors with low
dollar value claims in arbitrations and
mediations; and

“(iv) funding sources available to the
clinic, including—

“(I) amounts received from other
grants and contributions; and

“(II) the endowment and re-
sources of any institution sponsoring
the clinic.
“(C) GRANT USES.—A qualified investor advocacy clinic awarded a grant under subpara-
graph (A) may only use grant funds for the de-
velopment, expansion, or continuation of the
qualified investor advocacy clinic.

“(D) TRANSPARENCY.—A qualified inves-
tor advocacy clinic awarded a grant under sub-
paragraph (A) shall submit to the Investor Ad-
vocate a detailed accounting of the use of grant
funds at such time, in such form, and con-
taining such information as the Investor Advo-
cate may require.

“(E) LIMITATIONS.—

“(i) AGGREGATE LIMITATION.—The
aggregate amount of grants made under
subparagraph (A) during a fiscal year may
not exceed $5,000,000 (as such amount is
annually adjusted by the Investor Advocate
to reflect the percentage change in the
Consumer Price Index for All Urban Con-
sumers published by the Bureau of Labor
Statistics of the Department of Labor).

“(ii) SINGLE CLINIC LIMITATION.—In
making grants under subparagraph (A),
the Investor Advocate may not award, dur-
ing a fiscal year, more than $150,000 (as
such amount is annually adjusted by the
Investor Advocate to reflect the percentage
change in the Consumer Price Index for
All Urban Consumers published by the Bu-
reau of Labor Statistics of the Department
of Labor) to any single qualified investor
advocacy clinic.

“(iii) FEDERAL SHARE.—The Federal
share of the cost of activities carried out
using grant funds made available under
subparagraph (A) may not exceed 50 per-
cent.

“(iv) MULTI-YEAR GRANTS.—
“(I) IN GENERAL.—In making
grants under subparagraph (A), the
Investor Advocate may award multi-
year grants.

“(II) LIMITATION.—Multi-year
grants awarded under this clause may
not be made for a period exceeding
three years.

“(F) AUTHORIZATION OF APPROPRIA-
tions.—There are authorized to be appro-
appropriated such sums as may be necessary to carry out this paragraph.

“(G) DEFINITIONS.—In this paragraph:

“(i) QUALIFIED INVESTOR ADVOCACY CLINIC.—The term ‘qualified investor advocacy clinic’ means an entity—

“(I) that provides or will provide free representation to investors with claims of less than $100,000 (as such amount is annually adjusted by the Investor Advocate to reflect the percentage change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor) in securities arbitrations and mediations before a registered national securities association (with exceptions to the requirements of this subclause authorized to be made by the Investor Advocate on a case-by-case basis); and

“(II) that is or will be sponsored, offered, or run by—

“(aa) a clinical program at or partnering with an American
Bar Association accredited law school; or

“(bb) an organization described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code.

“(ii) QUALIFIED REPRESENTATIVE.—

The term ‘qualified representative’ means any individual authorized to represent investors before a registered national securities association.”.