

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 7127  
OFFERED BY Ms. Waters**

Add at the end the following:

1 **SEC. 3. BAD ACTOR PROHIBITION.**

2 Section 18(c) of the Securities Act of 1933 (15  
3 U.S.C. 77r(c)) is amended by adding at the end the fol-  
4 lowing:

5 “(4) BAD ACTOR PROHIBITION.—The exemp-  
6 tion under subsection (a)(4) shall not apply to any  
7 transaction that involves a person that has been  
8 found to have committed a violation of Federal or  
9 State securities laws or regulations thereunder.”.

